

**RICHTERSVELD MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2008**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 98, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

***J. G. CLOETE***  
***Municipal Manager***

---

**28 August 2008**  
***Date***

# **RICHTERSVELD MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

### **INDEX**

### **Page**

General Information	<b>2</b>
Foreword	<b>3</b>
Audit Report	<b>4</b>
Report of the Chief Financial Officer	<b>5 to 10</b>
Statement of Financial Position	<b>11</b>
Statement of Financial Performance	<b>12</b>
Statement of Changes in Net Assets	<b>13</b>
Cash Flow Statement	<b>14</b>
Accounting Policies	<b>15 to 41</b>
Notes to the Annual Financial Statements	<b>42 to 80</b>
Appendix A: Schedule of External Loans	<b>81</b>
Appendix B: Analysis of Property, Plant and Equipment	<b>82 - 84</b>
Appendix B (2) : Analysis of Property, Plant and Equipment	<b>85 to 87</b>
Appendix C: Segmental Analysis of Property, Plant and Equipment	<b>88</b>
Appendix D: Segmental Statement of Financial Performance	<b>89</b>
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	<b>90</b>
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	<b>91</b>
Appendix F: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act	<b>92</b>
Appendix G: Disclosure of Adjustments to achieve compliance with the exempted standards in terms of General Notice 522 Of 2007	<b>93 to 98</b>

**RICHTERSVELD MUNICIPALITY****ANNUAL FINANCIAL STATEMENTS****for the year ended 30 June 2008****REPORT OF THE CHIEF FINANCIAL OFFICER****1. INTRODUCTION**

The results for the year under review once more indicate that the council must seriously consider to institute control measures so as to improve the overall financial position of the municipality.

The municipality's overall financial position must be improved drastically in order to deliver sustainable services to the community.

The 2007/2008 financial year is also the second year that the municipality reports its financial results according to the new GRAP requirements.

**2. KEY FINANCIAL INDICATORS**

The following indicators give some insight into the financial results of the year under review.

**Financial Statement Ratios:**

INDICATOR	2008	2007
Surplus / (Deficit) before Appropriations	42,280,666	(8,775,274)
Surplus / (Deficit) at the end of the Year	27,218,069	42,280,666
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	30.26%	25.07%
Remuneration of Councillors	4.40%	3.34%
Bad Debts	10.10%	18.06%
Depreciation	19.10%	16.77%
Repairs and Maintenance	2.91%	5.74%
Interest Paid	1.77%	1.43%
Bulk Purchases	9.58%	8.13%
Contracted Services	0.02%	0.06%
Grants and Subsidies Paid	6.81%	11.24%
General Expenses	15.04%	10.16%

**Financial Statement Ratios (Continued):**

INDICATOR	2008	2007
Current Ratio:		
Creditors Days	22	24
Debtors Days	59	79

The extremely good improvement in Debtors Days is because of additional provision for bad debts made during the year under review due to non-payment actually experienced, which renders a favourable ratio for the year.

**3. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2008 are as follows:

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2007/2008 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	27,218,069	32,626,432	1.20%	27,218,069	
Operating income for the year	38,376,944	23,578,946	0.61%	28,217,399	1.36%
Appropriations for the year	1,056,074	4,142,862		-	
	66,651,087	60,348,240		55,435,468	
<b>Expenditure:</b>					
Operating expenditure for the year	28,504,963	32,354,220	1.14%	28,217,399	1.01%
Sundry transfers	(1,244,291)	822,952		-	
Closing surplus / (deficit)	39,390,414	27,171,068	68.98%	27,218,069	
	66,651,086	60,348,240		55,435,468	

### 3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2007/2008 R	Variance actual/ budgeted %
Income	15,391,125	14,588,339	0.95%	14,199,297	1.08%
Expenditure	17,879,950	24,311,765	1.36%	19,315,554	0.93%
Surplus / (Deficit)	(2,488,825)	(9,723,426)	3.91%	(5,116,257)	0.49%
Surplus / (Deficit) as % of total income	(16.17)%	(66.65)%		(36.03)%	

### 3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	20,103	(2,675)	(0.13)%	21,960	0.92%
Expenditure	69,729	-	-	58,980	1.18%
Surplus / (Deficit)	(49,626)	(2,675)	0.05%	(37,020)	1.34%
Surplus / (Deficit) as % of total income	(246.86)%	100.00%		(168.58)%	

### 3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

The high income figure are due to the partly reversal of the provision for landfill sites that was over estimated in the previous year.

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2007/2008 R	Variance actual/ budgeted %
Income	16,316,050	2,786,891	0.17%	3,620,174	4.51%
Expenditure	2,775,498	1,404,055	0.51%	1,874,372	1.48%
Surplus / (Deficit)	13,540,552	1,382,836	0.10%	1,745,802	7.76%
Surplus / (Deficit) as % of total income	82.99%	49.62%		48.22%	

### 3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R2 286 157 (2006/2007: R2 230 974). Tariffs levied for electricity are subject to administered adjustments.

The REDS (Regional Electricity Distribution Suppliers) will be introduced to South Africa in the near future, where electricity will be distributed a regional supplier. This will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2006/2007 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2007/2008 R	Variance actual/ budgeted %
Income	4,109,071	4,035,647	0.98%	6,331,397	0.65%
Expenditure	3,619,101	3,601,208	1.00%	4,535,533	0.80%
Surplus / (Deficit)	489,970	434,440	0.89%	1,795,864	0.27%
Surplus / (Deficit) as % of total income	11.92%	10.77%		28.36%	

### 3.5 Water Services:

Water is bought in bulk from Alexkor and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R 443 469(2006/2007: R399 990). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual/ budgeted %
Income	2,540,595	2,170,743	0.85%	3,045,241	0.83%
Expenditure	4,160,685	3,037,193	0.73%	2,432,960	1.71%
Surplus / (Deficit)	(1,620,090)	(866,449)	0.53%	612,281	(2.65)%
Surplus / (Deficit) as % of total income	(63.77)%	(39.91)%		20.11%	

### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Fixed Assets during the year amounted to R 4 847 386 (2006/2007: R2 539 958). Full details of Fixed Assets are disclosed in note numbers 13 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R4 847 386 was financed as follows:

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Percentage Variance %	Budgeted 2007/2008 R	Variance actual/ budgeted %
Capital Replacement Reserve	60,285	964,838	16.00%		100.00%
External Loans	-	1,092,808	10.00%		100.00%
Grants and Subsidies	2,844,725	482,311	0.17%	2,000,000	1.42%
Public Contributions	1,923,417	-	-		100.00%
Own Funds (Accumulated Surplus)	18,959	-	-	139,480	0.14%
	4,847,386	2,539,958			

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2008	2007
Capital Replacement Reserve	1.24%	37.99%
External Loans	-	43.02%
Grants and Subsidies	58.69%	18.99%
Public Contributions	39.68%	-
Own Funds (Accumulated Surplus)	0.39%	-

Fixed Assets are funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

### 5. RECONCILIATION OF BUDGET TO ACTUAL

#### 5.1 Operating Budget:

DETAILS	2008	2007
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	1,596
Revenue variances	9,254,925	(1,910,692)
Expenditure variances:		
Employee Related Costs	754,874	103,112
Remuneration of Councillors	80,154	(131,365)
Bad Debts	(2,409,724)	(3,400,673)
Depreciation	(4,539,429)	(4,782,111)
Repairs and Maintenance	1,402,489	(376,849)
Interest Paid	(213,864)	231,505
Bulk Purchases	774,244	680,496
Contracted Services	722,488	2,400
Grants and Subsidies Paid	2,314,273	(36,684)
General Expenses	1,735,198	843,990
Actual surplus before appropriations	9,875,628	(8,775,274)

DETAILS	2008	2007
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	1,596
Executive and Council	1,045,157	(4,240,014)
Finance and Administration	2,398,952	(851,099)
Planning and Development	311,257	(53,536)
Health	107,492	(815,604)
Community and Social Services	(99,353)	(167,683)
Housing	(39,635)	(2,675)
Public Safety	(793,437)	122,549
Sport and Recreation	(556,533)	151,663
Waste Management	13,540,552	31,587
Roads and Transport	(4,912,351)	(1,618,684)
Water	(1,620,090)	(1,021,849)
Electricity	489,970	(311,525)
Other		-
Actual surplus before appropriations	9,871,981	(8,775,274)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

## 5.2 Capital Budget:

DETAILS	Actual 2007/2008 R	Actual 2006/2007 R	Variance actual 2008/ 2007 R	Budgeted 2007/2008 R	Variance actual/ budgeted R
Executive and Council	59,200	4,644	0.08%	30,240	1.96%
Finance and Administration	30,187	36,888	1.22%	-	100.00%
Planning and Development	1,922,269	-	100.00%	-	100.00%
Libraries	-	-	-	-	100.00%
Community and Social Services	261,669	-	100.00%	-	100.00%
Public Safety	94,937	1,440,757	15.18%	87,000	1.09%
Sport and Recreation	2,446,593	359,527	0.15%	1,181,000	2.07%
Waste Management	18,151	566,221	31.20%	-	100.00%
Roads and Transport	-	-	-	100,000	100.00%
Water	14,380	-	100.00%	10,000	1.44%
Electricity	-	3,830	100.00%	250,000	100.00%
Other	-	-	-	481,240	100.00%
	4,847,386	2,411,868	0.50%	2,139,480	

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

## 6. Deferred Revenue Fund

The balance of the Deferred Revenue Fund as at 30 June 2008 amounted to R 16 289 866 (30 June 2007: R16 318 183).

The Deferred Revenue Fund replace the Government Grant Fund. All assets equired from Government grants will be Credited to this fund and the yearly depreciation on these assets will be debited to the fund and credited to the income statement.

Refer to note 3

## 7 LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2008 was R5 834 891(30 June 2007: R6 072 167).

No new loans has been taken

Refer to Note number 4 and Appendix "A" for more detail.

## 8 NON-CURRENT PROVISIONS

	2008 R	2007 R
Non-current Provisions amounted R 4 198 485 as at 30 June 2008 (30 June 2007: R17 173 8610) and is made up as follows:		
Provision for Post-retirement Benefits	2,088,485	1,862,161
Provision for Rehabilitation of Land-fill Sites	2110000	15,311,700
	4,198,485	17,173,861

Refer to Note number 5 and 6 for more detail.

		2008	2007
		R	R
<b>9 CURRENT LIABILITIES</b>			
Current Liabilities amounted R 11 673 291 as at 30 June 2008 (30 June 2007: R9 794 325) and is made up as follows:			
Consumer Deposits	Note number 7	559,222	508,915
Provisions	Note number 8	48,040	44,856
Creditors	Note number 9	1,682,244	2,166,953
Unspent Conditional Grants and Receipts	Note number 10	5,290,250	3,808,233
Bank Overdraft		805,426	-
Current Portion of Deferred Revenue	Note number 3	2,829,602	2,884,745
Current Portion of Long-term Liabilities	Note number 4	458,507	380,623
		<u>11,673,291</u>	<u>9,794,325</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

## 10 PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R78 406 582 as at 30 June 2008 (30 June 2007: R78 966 911).

Refer to Note number 13 and Appendixes "B, C and E (2)" for more detail.

## 11 INVESTMENT PROPERTY

The value of Investment Property amounts to R178 500 as at 30 June 2008 (30 June 2007: R178 500).

Properties held for capital gain and / or not used for municipal purposes and rented out at market related rental are classified as Investment Property.

Refer to Note number 15 for more detail.

## 12 INTANGIBLE ASSETS

The net value of Intangible Assets were R 395 981 as at 30 June 2008 (30 June 2007: R263 795).

These are assets which cannot physically be identified and verified and are in respect of computer software and valuation roll obtained by the municipality in order to be able to fulfill its duties as far as service delivery is concerned.

Refer to Note number 14 for more detail.

	2008	2007
	R	R
<b>13 LONG-TERM RECEIVABLES</b>		
Long-term Receivables of R 299 123 at 30 June 2008 (30 June 2007: R597 823) is made up as follows:		
Township Development	259 964	264,399
Sale of Erven	234 562	720,649
	<u>494,526</u>	<u>985,048</u>
Less: Short-term portion included in Current Assets	195,404	387,225
	<u>299,122</u>	<u>597,823</u>

Refer to Note number 16 for more detail.

**14 CURRENT ASSETS**

Current Assets amounted R10 689 148, as at 30 June 2008 (30 June 2007: R19 055 9532) and is made up as follows:

Inventory	Note number 20	142,851	98,029
Consumer Debtors	Note number 20	2,085,278	2,491,383
Other Debtors	Note number 23	90,423	18,721
Operating lease Receivables	Note number 12	64,898	46,999
VAT	Note number 24	731,092	195,015
Current Portion of Long-term Debtors	Note number 18	195,404	387,225
Bank Balances and Cash	Note number 45	7,379,202	5,129,433
		<u>10,689,148</u>	<u>19,055,953</u>

The substantial decrease is due to the increment in provision for bad debts for Consumer Debtors and is alarming. Council's Credit Control Policy will have to applied strictly and adhered to in all circumstances in order to recover monies due to the municipality.

Refer to the indicated Note numbers for more detail.

**15 INTER-GOVERNMENTAL GRANTS**

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance.

Refer to Notes number 10 and 26, and Appendix "F" for more detail.

**16 POST BALANCE SHEET EVENTS**

No events were identified to disclose. The project to transfer the electricity function to the Regional Electricity Distributor (RED) has not realised to date and there are no factual information to report on.

**17 EXPRESION OF APPRECIATION**

We are grateful to the Mayor, Councillors, the Municipal Manager and Senior Officials for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

---

**CHIEF FINANCIAL OFFICER**



**RICHTERSVELD MUNICIPALITY****STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	2008 R	2007 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>55,260,911</b>	<b>42,280,666</b>
Accumulated Surplus/(Deficit)	2.	55,260,911	42,280,666
		-	-
<b>Non-current liabilities</b>		<b>23,035,132</b>	<b>36,298,843</b>
Deferred revenue	3	13,460,262	13,433,438
Long-term liabilities	4.	5,376,384	5,691,544
Provision for post- retirement medical a	5	2,088,486	1,862,161
Other non-current provisions	6.	2,110,000	15,311,700
<b>Current liabilities</b>		<b>11,673,291</b>	<b>9,794,325</b>
Consumer deposits	7	559,222	508,915
Provisions	8.	48,040	44,856
Creditors	9.	1,682,244	2,166,953
Unspent conditional grants and receipts	10.	5,290,250	3,808,233
Bank overdraft		805,426	-
Current portion of deferred income	3	2,829,602	2,884,745
Current portion of long-term liabilities	4.	458,507	380,623
<b>Total Net Assets and Liabilities</b>		<b>89,969,334</b>	<b>88,373,834</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>79,280,186</b>	<b>80,007,029</b>
Property, plant and equipment	14	78,406,582	78,966,911
Intangible Assets	15	395,981	263,795
Investment property	16	178,500	178,500
Long-term receivables	16	299,123	597,823
<b>Current assets</b>		<b>10,689,148</b>	<b>8,366,805</b>
Inventory	17	142,851	98,029
Consumer debtors	18	2,085,278	2,491,383
Other debtors	19	90,423	18,721
Operating lease Receivables	12	64,898	46,999
VAT	20.	731,092	195,015
Current portion of long-term receivables	16	195,404	387,225
Bank balances and cash	38.	7,379,202	5,129,433
<b>Total Assets</b>		<b>89,969,334</b>	<b>88,373,834</b>

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>REVENUE</b>			
Property rates	22	2,979,712	2,775,485
Service charges	24.	9,892,336	8,927,410
Rental of facilities and equipment	25.	1,205,190	848,152
Interest earned - external investments	23.	268,498	695,605
Interest earned - outstanding debtors	23.	1,604,956	814,274
Fines		49,020	65,207
Licences and permits		111,233	67,810
Income for agency services		300,569	246,530
Government grants and subsidies		7,752,882	6,417,935
Other Grants		-	-
Other income	27.	13,830,941	637,322
Public contributions, donated and contributed property, plant and equipment		2,500	261,891
Other gains on continued operations			-
Gains on disposal of property, plant and equipment		379,107	1,848,742
<b>Total Revenue</b>		<b>38,376,944</b>	<b>23,606,363</b>
<b>EXPENDITURE</b>			
Employee related costs	28.	8,626,276	8,109,764
Remuneration of Councillors	29	1,255,143	1,081,708
Impairment Provision		2,879,724	5,843,032
Depreciation and Amortisation	30	5,444,049	5,426,161
Repairs and maintenance		830,781	1,857,778
Interest paid	31.	504,981	462,211
Bulk purchases	32.	2,729,626	2,630,964
Contracted services		6,240	19,200
Grants and subsidies paid	33.	1,942,020	3,635,025
General expenses	34	4,286,124	3,288,378
Loss on disposal of property, plant and equipment			-
<b>Total Expenditure</b>		<b>28,504,964</b>	<b>32,354,221</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9,871,980</b>	<b>(8,747,858)</b>
<b>DISCONTINUED OPERATIONS</b>			
Inter- Departmental Charges			-
<b>SURPLUS FOR THE YEAR</b>		<b>9,871,980</b>	<b>(8,747,858)</b>
Refer to Appendix E (1) for explanation of variances			

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Accumulated Surplus/ (Deficit) R	Total R
<b>2007</b>		
Balance at 1 July 2006	48,532,475	48,532,475
Correction of error	19,583	19,583
Movements during year	2,476,466	2,476,466
Restated balance	<b>51,028,524</b>	<b>51,028,524</b>
Restated Surplus/(deficit) for the year	(8,747,858)	(8,747,858)
<b>Balance at 30 June 2007</b>	<b>42,280,666</b>	<b>42,280,666</b>
Correction of error	1,244,291	1,244,291
Restated balance	<b>43,524,957</b>	<b>43,524,957</b>
<b>2008</b>		
Surplus/(deficit) for the year	9,872,822	9,872,822
Movements during year	1,863,132	1,863,132
<b>Balance at 30 June 2008</b>	<b>55,260,911</b>	<b>55,260,911</b>

Detail on the movement of funds and reserves is set out in note 2:

**RICHTERSVELD MUNICIPALITY****CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		41,410,276	25,783,130
Cash paid to suppliers and employees		(36,918,682)	(25,825,505)
<b>Cash generated from/(utilised in) operations</b>	<b>37</b>	<b>4,491,594</b>	<b>(42,375)</b>
Dividends received			
Interest received		1,873,454	695,605
Interest paid		(504,981)	(462,211)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>5,860,067</b>	<b>191,019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(4,587,090)	(2,411,869)
Proceeds on disposal of property, plant and equipment			1,848,742
(Increase)/decrease in intangible assets		(132,186)	(128,089)
(Increase)/decrease in non- current receivables		490,521	353,000
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(4,228,755)</b>	<b>(338,216)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(237,276)	1,483,298
Increase/(decrease) in consumer deposits		50,307	37,903
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(186,969)</b>	<b>1,521,201</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALE</b>		<b>1,444,343</b>	<b>1,374,004</b>
		<b>1,444,343</b>	<b>1,374,004</b>
Cash and cash equivalents at the beginning of the year		5,129,433	3,755,429
Cash and cash equivalents at the end of the year	<b>38.</b>	<b>6,573,776</b>	<b>5,129,433</b>

USE ACCOUNTING POLICIES IN WORD DOCUMENT - "MODEL ACCOUNTING POLICIES" (27 pages)

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****1. GENERAL INFORMATION**

Richtersveld municipality is a local government institution in the Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

<b>2. ACCUMULATED SURPLUS</b>	<b>2008 R</b>	<b>2007 R</b>
The following internal funds and reserves are ring-fenced within the accumulated surplus		
Housing development fund	977,243	976,401
Capital replacement reserve	580,458	640,743
Capitalisation reserve	3,520,364	3,875,286
Donations and public contribution reserve	10,792,432	9,570,167
Accumulated surplus/(deficit) due to the results of operations	39,390,414	27,218,069
	<b><u>55,260,911</u></b>	<b><u>42,280,666</u></b>
<b>Total Accumulated Surplus</b>		

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**HOUSING DEVELOPMENT FUND**

Housing Development Fund	<b>977,243</b>	<b>976,401</b>
Unappropriated Surplus	-	-
Loans extinguished by Government on 1 April 1998	977,243	976,401

The Housing Development Fund is represented by the following assets and liabilities

Assets (See Note 13)	583,200	583,200
Instalment Sales Debtors (See Note 16)	259,964	264,399
Consumer Debtors (See Note 18)	169,182	154,776
Bank Account (See Note 21)	16,167	15,325
Cash and Cash Equivalents advanced to Rates and General Services	(51,270)	(41,299)
<b>Total Housing Development Fund Assets and Liabilities</b>	<b><u>977,243</u></b>	<b><u>976,401</u></b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****2. ACCUMULATED SURPLUS (Continued)**

	Accumulated Surplus/(Deficit)					Total Accumulated Surplus/ (Deficit) R
	Housing Development Fund R	Capital Replacement Reserve R	Capitalisation Reserve R	Donations and Public Contribution Reserve R	Accumulated Surplus/ (Deficit) due to results of operations R	
<b>2007</b>						-
Balance at 1 July 2006	976,401	1,130,710	4,284,443	10,337,441	31,803,480	48,532,475
Correction of error ( note 36 )					19,583	19,583
	976,401	1,130,710	4,284,443	10,337,441	31,823,063	48,552,058
Surplus/(deficit) for the Property, plant and equipment purchased	-	-	-	-	(8,747,858)	(8,747,858)
Capital grants used to purchase PPE	-	(489,967)	-	-	489,967	-
Offsetting of depreciation(Def. Income)	-	-	-	-	(482,311)	(482,311)
Offsetting of depreciation	-	-	-	-	2,958,777	2,958,777
			(409,157)	(767,274)	1,176,431	-
<b>Balance at 30 June 2007</b>	<b>976,401</b>	<b>640,743</b>	<b>3,875,286</b>	<b>9,570,167</b>	<b>27,218,069</b>	<b>42,280,666</b>
Correction of error ( note 36 )					1,244,291	1,244,291
<b>Reinstated Balance at 30 June 2007</b>	<b>976,401</b>	<b>640,743</b>	<b>3,875,286</b>	<b>9,570,167</b>	<b>28,462,360</b>	<b>43,524,957</b>
Surplus/(deficit) for the year	842	-	-	-	9,871,980	9,872,822
Transfer to CRR						-
PPE purchased from CRR		(60,285)				(60,285)
Donated/ contributed PPE	-	-	-	1,923,417		1,923,417
Offsetting of depreciation			(354,922)	(701,151)	1,056,074	-
Transfer to/(from)						-
Asset disposals						-
Offsetting of depreciation						-
<b>Balance at 30 June</b>	<b>977,243</b>	<b>580,458</b>	<b>3,520,364</b>	<b>10,792,432</b>	<b>39,390,414</b>	<b>55,260,911</b>

The Capital Replacement Reserve is a reserve to finance future capital expenditure.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation reserves ensures consumer equity and is not backed by cash.

The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Capitalisation reserves ensures consumer equity and is not backed by cash.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****3 DEFERRED REVENUE**

The movements in deferred revenue are reconciled as follows:

	<b>Total Deferred Revenue R</b>
<b>30 June 2008</b>	
Balance at beginning of year	16,318,183
Additions during year	2,844,745
<b>Less : Transfer to Income</b>	<u>2,873,063</u>
<b>Balance at end of year</b>	<b>16,289,865</b>
	2,829,602
Less: Current portion transferred to current liabilities	<u>2,829,602</u>
<b>Total Deferred Revenue</b>	<b><u>13,460,262</u></b>
	<b>2007 R</b>
<b>30 June 2007</b>	
Balance at beginning of year	18,794,649
Additions during year	482,311
<b>Less : Transfer to Income</b>	<u>2,958,777</u>
<b>Balance at end of year</b>	<b>16,318,183</b>
	2,884,745
Less: Current portion transferred to current liabilities	<u>2,884,745</u>
<b>Total Deferred Revenue</b>	<b><u>13,433,438</u></b>

Deferred Revenue represents capital utilised to construct and acquire capital

assets, which was funded from Grants received from Government.

**4. LONG- TERM LIABILITIES**

Annuity Loans	5,834,891	6,072,167
Capitalised Lease Liability	-	-
<b>Sub-total</b>	<u><b>5,834,891</b></u>	<u><b>6,072,167</b></u>
<b>Less : Current portion transferred to current liabilities</b>	<b>458,507</b>	<b>380,623</b>
Annuity Loans	<u>458,507</u>	<u>380,623</u>
Capitalised Lease Liability	<u>-</u>	<u>-</u>
<b>Total External Loans</b>	<b><u>5,376,384</u></b>	<b><u>5,691,544</u></b>

**4.1 Summary of arrangements**

Annuity Loans are repaid over periods varying from seven to ten and a half years at an interest rates varying from 5 % to 10 % per annum. Annuity Loans are not secured.

Management of the municipality is of the opinion that the carrying value of Long-Term Liabilities recorded a amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.



**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>5 POST RETIREMENT MEDICAL AID BENEFIT LIABILITY</b>	<b>2008</b>	<b>2007</b>
	R	R
Post-Employment Health Care Benefit Liability	1,862,161	1,907,017
Contributions to Provision	274,364	-
<b>Total: Post Retirement Medical Aid Benefit Liability</b>	<b>2,136,525</b>	<b>1,907,017</b>
Less: Transfer to Current Provisions	48,040	44,856
<b>Net Post-Employment Health Care Benefit Liability</b>	<b>2,088,485</b>	<b>1,862,161</b>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2008 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	<b>2008</b>	<b>2007</b>
- In-service members	6	6
- Continuation members	2	2
<b>Total</b>	<b>8</b>	<b>8</b>

The liability in respect of past service has been estimated to be as follows:

- In-service members	1,559	1,285
- Continuation members	659	622
	<b>2,218</b>	<b>1,907</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Global Health
- LA Health
- Munimed
- Samwumed

The Current-service Cost for the year ending 30 June 2008 is estimated to be R121,803, whereas the cost for the ensuing year is estimated to be R117,225.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount rate	10.97%	8.00%
Health Care Cost Inflation Rate	9.78%	6.50%
Net Effective Discount Rate	1.08%	1.41%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>5 POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)</b>	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	2,217,966	1,907,017
	<b>2,217,966</b>	<b>1,907,017</b>
Deficit	2,217,966	
Unrecognised actuarial losses	(81,441)	-
Present value of unfunded obligations	-	1,907,017
<b>Benefit Liability</b>	<b>2,136,525</b>	<b>1,907,017</b>

**The amount recognised in the Statement of Financial Performance are as follows:**

Current service cost	121,803	438,052
Interest cost	152,561	793,858
Vested past service costs	-	6,643,176
Adjustments for restrictions on the defined benefit asset		
<b>Total included in Employee Related Costs (Note 33)</b>	<b>274,364</b>	<b>7,875,087</b>

**The movement in the defined benefit obligation over the year is as follows:**

Balance at the beginning of the year	1,907,017	9,923,229
Current service costs	121,803	438,052
Interest cost	152,561	793,858
Past-service costs	-	6,643,176
Benefits paid	(44,856)	(429,288)
Unrecognised Actuarial losses / (gains)	81,441	-

<b>Present Value of Fund Obligation at the end of the Year</b>	<b>2,217,966</b>	<b>17,369,028</b>
--	------------------	-------------------

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	30,713
Effect on the defined benefit obligation	297,000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(25,237)
Effect on the defined benefit obligation	(249,360)

The municipality expects to make a contribution of R357,901 (2007: R274,364) to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits were recognised immediately and in full in the Municipality's Annual Financial Statements as at 30 June 2007, in terms of IAS 19, *Employee Benefits*, paragraph 155(a).

Refer to Note 45 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****6. OTHER NON- CURRENT PROVISIONS**

The movement in the non-current provisions are reconciled as

	<b>R</b>
	<b>Landfill sites</b>
<b>30 June 2008</b>	
Balance at beginning of year	15,311,700
Transfer to current	-
Contributions to provision	-
Expenditure incurred	-
Reversal of provision	-
Reduction due to re-measurement	(13,201,700)
<b>Balance at end of year</b>	<b><u>2,110,000</u></b>
<b>30 June 2007</b>	
Balance at beginning of year	14,445,000
Transfer to current	-
Contributions to provision	866,700
Expenditure incurred	-
Reduction due to re-measurement	-
<b>Balance at end of year</b>	<b><u>15,311,700</u></b>

**6.2 Rehabilitation of Landfill sites**

The municipality will incur costs of R2.11 million to be able to licence the landfill refuse sites. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

**7 CONSUMER DEPOSITS**

Electricity and Water	559,222	508,915
<b>Total Consumer Deposits</b>	<b><u>559,222</u></b>	<b><u>508,915</u></b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b><u>-</u></b>	<b><u>-</u></b>

Consumer deposits is paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits were determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**8. PROVISIONS**

Opening balance	44,856	-
Current portion of Post-Employment Health Care Benefits (see note 5 above)	3,184	44,856
<b>Total Provisions</b>	<b><u>48,040</u></b>	<b><u>44,856</u></b>

The movement in current provisions are reconciled as follows:  
None

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>9. CREDITORS</b>		
Trade creditors	563,748	1,142,967
Payments received in advance	308,816	20,649
Projects	-	38,586
Salary Control Accounts	140,459	172,909
Staff leave	532,569	681,610
Sundry Deposits	115,701	95,439
Other creditors	20,950	14,793
<b>Total Creditors</b>	<b><u>1,682,243</u></b>	<b><u>2,166,953</u></b>

Total trade payables at 30 June 2008 amounted to R 563 748 (2007: R1 142 million),

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<i>10.1 Conditional Grants by other spheres of Government</i>	<b>5,011,991</b>	<b>3,466,920</b>
National Government Grants	971,712	1,344,779
Provincial Government Grants	3,710,402	2,036,754
Local Government Grants	329,877	85,387
<i>10.2 Other Conditional Receipts</i>	<b>278,259</b>	<b>341,313</b>
Public Contributions	278,259	341,313
<b>Total Conditional Grants and Receipts</b>	<b><u>5,290,250</u></b>	<b><u>3,808,233</u></b>

See Note 26 for reconciliation of grants by other spheres of government.

The amount for Unspent Conditional Grants and Receipts are invested in ring fenced investment accounts until utilised.

Refer to Appendix "F" for more detail on Conditional Grants.

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>11. VAT</b>		
<b>VAT payable</b>	<b><u>-</u></b>	<b><u>-</u></b>

VAT is payable on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest, for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****12 OPERATING LEASE LIABILITY**

	<b>2008</b>	<b>2007</b>
<b><u>The Municipality as lessee</u></b>	<b>R</b>	<b>R</b>

**Leasing arrangements:**

Operating leases relate to a Nashua AF 2035 E Photocopier with lease terms of 5 years is applicable. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<b>Buildings</b>	-	-
<b>Computer and other equipment</b>	<b>54,725</b>	<b>114,425</b>
Up to 1 year	54,725	59,700
1 to 5 years	-	54,725
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>54,725</b>	<b>114,425</b>

In respect of non-cancellable Operating Leases the following **liability** has been recognised:

**Accrual as at 30 June 2008 (current liability):**

Operating expenses recorded	59,700	59,700
Operating lease payments effected	(59,700)	(59,700)
<b>Total Operating Lease Liabilities</b>	<b>-</b>	<b>-</b>

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

**The Municipality as Lessor:****Leasing arrangements:**

Operating Leases relate to Property owned by the municipality with lease terms of 20 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	24,764	20,767
1 to 5 years	148,794	136,258
More than 5 years	739,408	806,867
	<b>912,965</b>	<b>963,892</b>

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase in current year income of R 17 898.94

No restrictions have been imposed on the Municipality in terms of the lease agreements.

In respect of non-cancellable Operating Leases the following has been recognised:

**Accrual as at 30 June (current liability):**

Operating income recorded	93,998	46,999
Operating lease Income levied	(29,100)	-
<b>Total Operating Lease Receivable outstanding</b>	<b>64,898</b>	<b>46,999</b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	2008 R	2007 R
<b>13 PROPERTY, PLANT AND EQUIPMENT</b>		
See separate note 13		
	-	-
<b>14 INTANGIBLE ASSETS</b>		
At cost less accumulated amortisation and accumulated impairment losses	<b>263,794</b>	<b>199,509</b>
The movement in intangible assets are reconciled as follows:		
<b>Carrying values at the beginning of the year</b>	436,436	308,347
Cost	(172,642)	(108,838)
Accumulated Amortisation	-	-
Accumulated Impairment	261,001	128,089
Acquisitions and Amortisation	-	-
Impairment Losses	<b>395,981</b>	<b>263,795</b>
<b>Carrying value at the end of the year</b>	(301,456)	(172,641)
Cost	-	-
Accumulated Amortisation	-	-
Accumulated Impairment	-	-
Accumulated Amortisation		

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30).

All of the municipality's Intangible Assets are held under freehold interests. No restrictions apply to the intangible assets.

**14.1 Significant Intangible Assets:**

**None**

Refer to Appendix "B(2)" for more detail on intangible assets.

**15. INVESTMENT PROPERTY**

The movement in investment properties are reconciled as follows:

<b>Carrying value at the beginning of the year</b>	178,500	178,500
Fair value	-	-
	-	-
	-	-
<b>Carrying value at the end of the year</b>	-	-
Fair value	-	-

-

**Fair Value of investment properties.**

The fair value of the municipality's Investment Property at 30 June 2008 has been arrived at on the basis of a valuation carried out by Uluntu Valuers, independent valuers that are not related to the municipality. Uluntu Valuers are members of the Institute of Valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. Due to insignificant movement in fair value of Properties, management is of the opinion that the fair value of 30 June 2007 proximates the fair value of 30 June 2008.

Refer to Appendix "B(2)" for more detail on investment property.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>16 LONG-TERM RECEIVABLES</b>		
Housing selling scheme loans	259,964	264,399
Sale of Erven	234,562	720,649
	<b>494,527</b>	<b>985,048</b>
<i>Less : Provision for Impairment</i>	-	-
<i>Less : Current portion transferred to current receivables</i>	<b>195,404</b>	<b>387,225</b>
Housing selling scheme loans	5,072	4,435
Sale of Erven	190,332	382,790
	<b>299,123</b>	<b>597,823</b>
<b>Total Long-term Receivables</b>	<b>299,123</b>	<b>597,823</b>

***HOUSING SELLING SCHEME LOANS***

No Housing Loans are granted to officials and public anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will be recovered over the remaining period of the loan agreements.

***SALE OF ERVEN***

As from 01 July 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipalities debtors. Accordingly management believe that there is no further credit provision required.

**17 INVENTORY**

Consumable Stores - at cost	-	115
Maintenance Materials - at cost	142,851	95,267
Spare Parts - at cost	-	2,648
Unsold properties held for resale	-	
	<b>142,851</b>	<b>98,030</b>
<b>Total Inventory</b>	<b>142,851</b>	<b>98,030</b>

The cost of inventories recognised as an expense during the period, for both continuing and discontinuing operations was R465 569

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****18 CONSUMER DEBTORS**

<b>As at 30 June 2008</b>	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
Service debtors	<b>12,791,408</b>	<b>11,515,755</b>	<b>1,275,653</b>
Rates	4,012,011	3,611,904	400,107
Electricity	435,204	391,802	43,402
Water	3,047,371	2,743,465	303,906
Sewerage	2,600,361	2,341,034	259,327
Refuse Removal	2,696,461	2,427,550	268,911
	-	-	-
Housing rentals	169,182	152,310	16,872
Other Debtors	7,949,198	7,156,445	792,753
<b>Total</b>	<b>20,909,788</b>	<b>18,824,510</b>	<b>2,085,278</b>

**As at 30 June 2007**

Service debtors	<b>10,583,023</b>	<b>9,153,828</b>	<b>1,429,195</b>
Rates	3,284,101	2,840,596	443,505
Electricity	436,833	377,841	58,992
Water	2,227,887	1,927,020	300,867
Sewerage	2,156,428	1,865,211	291,217
Refuse Removal	2,477,774	2,143,160	334,614
	-	-	-
Housing rentals	154,776	133,874	20,902
Other Debtors	7,710,597	6,669,311	1,041,286
<b>Total</b>	<b>18,448,396</b>	<b>15,957,013</b>	<b>2,491,383</b>

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the consumer debtors.

Management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipalities consumer debtors.



**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008 R</b>	<b>2007 R</b>
<b>18.1 Ageing of Consumer Debtors</b>		
<b><u>Rates: Ageing</u></b>		
Current ( 0 - 30 days )	48,263	54,224
31 - 60 Days	71,935	59,623
61 - 90 Days	68,004	57,969
91 - 120 Days	64,894	55,873
121 - 150 Days	64,188	3,056,412
151 - 180 Days	61,823	-
181 - 365 Days	3,632,904	-
	-	-
<b>Total</b>	<b><u>4,012,011</u></b>	<b><u>3,284,101</u></b>
<b><u>(Electricity, Water, Sewerage,Sundry and Refuse Removal): Ageing</u></b>		
Current ( 0 - 30 days )	(160,790)	206,321
31 - 60 Days	440,465	1,760,339
61 - 90 Days	322,262	262,363
91 - 120 Days	306,066	238,887
121 - 150 Days	299,525	12,541,608
151 - 180 Days	291,738	-
181 - 365 Days	15,229,328	-
	-	-
<b>Total</b>	<b><u>16,728,595</u></b>	<b><u>15,009,518</u></b>
<b><u>Housing rentals: Ageing</u></b>		
Current ( 0 - 30 days )	(1,294)	(5,300)
31 - 60 Days	1,167	1,237
61 - 90 Days	1,157	1,232
91 - 120 Days	1,157	1,173
121 - 150 Days	1,157	156,434
151 - 180 Days	1,157	-
181 - 365 Days	164,680	-
	-	-
<b>Total</b>	<b><u>169,182</u></b>	<b><u>154,776</u></b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008***18.2 Summary of Debtors by Customer Classification*

	<u>Other</u>	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
<b>30<sup>th</sup> June 2008</b>				
Current ( 0 - 30 days )	270,305	372,158	60,040	30,786
31 - 60 Days	13,196	459,667	33,171	7,534
61 - 90 Days	13,294	347,973	25,098	5,058
91 - 120 Days	13,194	333,078	22,564	3,282
121 - 150 Days	13,194	326,917	22,903	1,855
151 - 180 Days	13,194	319,549	20,104	1,870
181 - 365 Days	1,375,270	16,841,314	1,543,691	32,276
VAT balances	(122,564)	(1,360,562)	(123,705)	(5,919)
<b>Sub-total</b>	<b>1,589,085</b>	<b>17,640,094</b>	<b>1,603,867</b>	<b>76,742</b>
Less: Provision for Impairment	1,505,961	16,377,324	941,225	-
<b>Total debtors by customer classification</b>	<b>83,124</b>	<b>1,262,770</b>	<b>662,642</b>	<b>76,742</b>

	<u>Other</u>	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
<b>30<sup>th</sup> June 2007</b>				
Current ( 0 - 30 days )	(57,611)	275,962	63,145	7,464
31 - 60 Days	14,351	1,703,752	39,071	2,476
61 - 90 Days	13,786	286,242	26,498	3,620
91 - 120 Days	13,982	265,750	23,043	1,422
121 - 150 Days	915,317	13,498,777	1,321,162	30,284
<b>Sub-total</b>	<b>899,825</b>	<b>16,030,485</b>	<b>1,472,920</b>	<b>45,267</b>
Less: Provision for Impairment	780,217	13,899,661	1,277,134	-
<b>Total debtors by customer classification</b>	<b>119,608</b>	<b>2,130,824</b>	<b>195,786</b>	<b>45,267</b>

*18.3 Reconciliation of Provision for Impairment on Consumer debtors*

Balance at beginning of year	15,957,013	11,164,046
Impairment Losses recognised	2,879,724	5,837,160
Amounts written off as uncollectable	(12,227)	(1,044,193)
Impairment Losses reversed	-	-
Amounts recovered	-	-
<b>Balance at end of year</b>	<b>18,824,510</b>	<b>15,957,013</b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>19 OTHER DEBTORS</b>		
Government grants and subsidies	-	-
Sundry debtors	90,423	18,721
Less : Provision for Impairment	-	-
<b>Total Other Debtors</b>	<b><u>90,423</u></b>	<b><u>18,721</u></b>

The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.

Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other sundry debtors. The payment ratio's of other debtors were also taken into account for fair value determination.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. Accordingly, the management believe that there is no further credit provision required.

**20. VAT**

<b>VAT receivable</b>	<b><u>731,092</u></b>	<b><u>195,015</u></b>
-----------------------	-----------------------	-----------------------

VAT is payable on the receipts basis. Only once payment has been received No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>21 BANK, CASH AND OVERDRAFT BALANCES</b>	<b>2008</b>	<b>2007</b>
The Municipality has the following bank accounts: -	<b>R</b>	<b>R</b>
<b><u>Current Account (Primary Bank Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 534 7183 1653:</i>		
Cash book balance at beginning of year	100,150	(274,111)
Cash book balance at end of year	(805,426)	100,150
<b>Bank statement balance at beginning of year</b>	<b>86,994</b>	<b>103,247</b>
<b>Bank statement balance at end of year</b>	<b>169,874</b>	<b>86,994</b>
<b><u>Current Account (Vegetables Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 2169 3587:</i>		
Cash book balance at beginning of year	6,699	6,577
Cash book balance at end of year	6,835	6,699
<b>Bank statement balance at beginning of year</b>	<b>6,699</b>	<b>6,577</b>
<b>Bank statement balance at end of year</b>	<b>6,835</b>	<b>6,699</b>
<b><u>Current Account (T/Grant Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 2192 4734 :</i>		
Cash book balance at beginning of year	12,822	168,787
Cash book balance at end of year	25,263	12,822
<b>Bank statement balance at beginning of year</b>	<b>12,822</b>	<b>168,787</b>
<b>Bank statement balance at end of year</b>	<b>25,263</b>	<b>12,822</b>
<b><u>Current Account ( R / V Project)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 2575 7131:</i>		
Cash book balance at beginning of year	3,091	12,781
Cash book balance at end of year	1,178	3,091
<b>Bank statement balance at beginning of year</b>	<b>3,091</b>	<b>12,781</b>
<b>Bank statement balance at end of year</b>	<b>1,178</b>	<b>3,091</b>
<b><u>Current Account (Commngre rent Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 26697865:</i>		
Cash book balance at beginning of year	3,368	318,018
Cash book balance at end of year	406,569	3,368
<b>Bank statement balance at beginning of year</b>	<b>3,368</b>	<b>318,018</b>
<b>Bank statement balance at end of year</b>	<b>406,569</b>	<b>3,368</b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b><u>Current Account (MSP Water Meters Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 6203227 5689:</i>		
Cash book balance at beginning of year	8,670	213,196
Cash book balance at end of year	<u>1,018,723</u>	<u>8,670</u>

<b>Bank statement balance at beginning of year</b>	<b><u>8,670</u></b>	<b><u>213,196</u></b>
--	---------------------	-----------------------

<b>Bank statement balance at end of year</b>	<b><u>1,018,723</u></b>	<b><u>8,670</u></b>
--	-------------------------	---------------------

<b><u>Current Account (Rec/ Development Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 3333 9955:</i>		
Cash book balance at beginning of year	11,656	34,665
Cash book balance at end of year	<u>41,490</u>	<u>11,656</u>

<b>Bank statement balance at beginning of year</b>	<b><u>11,656</u></b>	<b><u>34,665</u></b>
--	----------------------	----------------------

<b>Bank statement balance at end of year</b>	<b><u>41,490</u></b>	<b><u>11,656</u></b>
--	----------------------	----------------------

<b><u>Current Account (IDP Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 3384 2396:</i>		
Cash book balance at beginning of year	24,071	170,701
Cash book balance at end of year	<u>329,877</u>	<u>24,071</u>

<b>Bank statement balance at beginning of year</b>	<b><u>24,071</u></b>	<b><u>170,701</u></b>
--	----------------------	-----------------------

<b>Bank statement balance at end of year</b>	<b><u>329,877</u></b>	<b><u>24,071</u></b>
--	-----------------------	----------------------

<b><u>Current Account (Social/ AIDS Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 4518 7706:</i>		
Cash book balance at beginning of year	3,555	184,499
Cash book balance at end of year	<u>97,641</u>	<u>3,555</u>

<b>Bank statement balance at beginning of year</b>	<b><u>3,555</u></b>	<b><u>184,499</u></b>
--	---------------------	-----------------------

<b>Bank statement balance at end of year</b>	<b><u>97,641</u></b>	<b><u>3,555</u></b>
--	----------------------	---------------------

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b><u>Current Account (Refuse Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5618 6599:</i>		
Cash book balance at beginning of year	5,561	63,090
Cash book balance at end of year	<u>65,754</u>	<u>5,561</u>
<b>Bank statement balance at beginning of year</b>	<u><b>5,561</b></u>	<u><b>63,090</b></u>
<b>Bank statement balance at end of year</b>	<u><b>65,754</b></u>	<u><b>5,561</b></u>
<b><u>Current Account (Ground Water Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5642 3701:</i>		
Cash book balance at beginning of year	32,892	17,667
Cash book balance at end of year	<u>8,284</u>	<u>32,892</u>
<b>Bank statement balance at beginning of year</b>	<u><b>32,892</b></u>	<u><b>17,667</b></u>
<b>Bank statement balance at end of year</b>	<u><b>8,284</b></u>	<u><b>32,892</b></u>
<b><u>Current Account (Kubus Pipeline Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5642 4098:</i>		
Cash book balance at beginning of year	133,367	126,057
Cash book balance at end of year	<u>146,811</u>	<u>133,367</u>
<b>Bank statement balance at beginning of year</b>	<u><b>133,367</b></u>	<u><b>126,057</b></u>
<b>Bank statement balance at end of year</b>	<u><b>146,811</b></u>	<u><b>133,367</b></u>
<b><u>Current Account (VAT Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5747 9472:</i>		
Cash book balance at beginning of year	9,842	5,388
Cash book balance at end of year	<u>1,968</u>	<u>9,842</u>
<b>Bank statement balance at beginning of year</b>	<u><b>9,842</b></u>	<u><b>5,388</b></u>
<b>Bank statement balance at end of year</b>	<u><b>1,968</b></u>	<u><b>9,842</b></u>
<b><u>Current Account (E /Shares Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 6266 9521:</i>		
Cash book balance at beginning of year	7,414	5,603
Cash book balance at end of year	<u>16,325</u>	<u>7,414</u>
<b>Bank statement balance at beginning of year</b>	<u><b>7,414</b></u>	<u><b>5,603</b></u>
<b>Bank statement balance at end of year</b>	<u><b>16,325</b></u>	<u><b>7,414</b></u>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b><u>Current Account (8 Mile Bulk Water Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 6874 1357:</i>		
Cash book balance at beginning of year	95,497	111,641
Cash book balance at end of year	<u>409,607</u>	<u>95,497</u>
<b>Bank statement balance at beginning of year</b>	<b><u>95,497</u></b>	<b><u>111,641</u></b>
<b>Bank statement balance at end of year</b>	<b><u>409,607</u></b>	<b><u>95,497</u></b>
<b><u>Current Account ( Leave Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 6973 7173:</i>		
Cash book balance at beginning of year	460,489	319,222
Cash book balance at end of year	<u>611,194</u>	<u>460,489</u>
<b>Bank statement balance at beginning of year</b>	<b><u>460,489</u></b>	<b><u>319,222</u></b>
<b>Bank statement balance at end of year</b>	<b><u>611,194</u></b>	<b><u>460,489</u></b>
<b><u>Current Account (FMG Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 7204 0555:</i>		
Cash book balance at beginning of year	660,139	422,541
Cash book balance at end of year	<u>426,406</u>	<u>660,139</u>
<b>Bank statement balance at beginning of year</b>	<b><u>660,139</u></b>	<b><u>422,541</u></b>
<b>Bank statement balance at end of year</b>	<b><u>426,406</u></b>	<b><u>660,139</u></b>
<b><u>Current Account (N.D.T.F. Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 7629 6188:</i>		
Cash book balance at beginning of year	309,812	444,969
Cash book balance at end of year	<u>251,448</u>	<u>309,812</u>
<b>Bank statement balance at beginning of year</b>	<b><u>309,812</u></b>	<b><u>444,969</u></b>
<b>Bank statement balance at end of year</b>	<b><u>251,448</u></b>	<b><u>309,812</u></b>
<b><u>Current Account (N / Shand Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 7643 7253:</i>		
Cash book balance at beginning of year	122,508	1,139
Cash book balance at end of year	<u>120,230</u>	<u>122,508</u>
<b>Bank statement balance at beginning of year</b>	<b><u>122,508</u></b>	<b><u>1,139</u></b>
<b>Bank statement balance at end of year</b>	<b><u>120,230</u></b>	<b><u>122,508</u></b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b><u>Current Account (Consumers / Deposits Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 9751 5880:</i>		
Cash book balance at beginning of year	337,515	203,129
Cash book balance at end of year	<u>477,650</u>	<u>337,515</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>337,515</u></b>	 <b><u>203,129</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>477,650</u></b>	 <b><u>337,515</u></b>
 <b><u>Current Account (Kubus/Floods Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 9751 6979:</i>		
Cash book balance at beginning of year	501,939	120,120
Cash book balance at end of year	<u>542,490</u>	<u>501,939</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>501,939</u></b>	 <b><u>120,120</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>542,490</u></b>	 <b><u>501,939</u></b>
 <b><u>Current Account (CRR Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 9751 7571:</i>		
Cash book balance at beginning of year	1,607,693	759,227
Cash book balance at end of year	<u>64,054</u>	<u>1,607,693</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>1,607,693</u></b>	 <b><u>759,227</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>64,054</u></b>	 <b><u>1,607,693</u></b>
 <b><u>Current Account (EPWP Beach Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 9851 710:</i>		
Cash book balance at beginning of year	333,163	249,227
Cash book balance at end of year	<u>51,257</u>	<u>333,163</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>333,163</u></b>	 <b><u>249,227</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>51,257</u></b>	 <b><u>333,163</u></b>
 <b><u>Current Account (Grants Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 0271 5755:</i>		
Cash book balance at beginning of year	32,437	34,121
Cash book balance at end of year	<u>39,518</u>	<u>32,437</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>32,437</u></b>	 <b><u>34,121</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>39,518</u></b>	 <b><u>32,437</u></b>
 <b><u>Current Account (Dev. / Housing Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 1760 8581:</i>		
Cash book balance at beginning of year	15,325	-
Cash book balance at end of year	<u>16,167</u>	<u>15,325</u>
 <b>Bank statement balance at beginning of year</b>	 <b><u>15,325</u></b>	 <b><u>-</u></b>
 <b>Bank statement balance at end of year</b>	 <b><u>16,167</u></b>	 <b><u>15,325</u></b>



**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b><u>Current Account (MIG /MSIG Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 3757 7782:</i>		
Cash book balance at beginning of year	154,083	-
Cash book balance at end of year	<u>1,726,665</u>	<u>154,083</u>
<b>Bank statement balance at beginning of year</b>	<u><b>154,083</b></u>	<u><b>-</b></u>
<b>Bank statement balance at end of year</b>	<u><b>1,726,665</b></u>	<u><b>154,083</b></u>
<i>First National Bank - Port Nolloth Branch - Account Number 620 1375 8433:</i>		
Cash book balance at beginning of year	125,300	-
Cash book balance at end of year	<u>312,284</u>	<u>125,300</u>
<b>Bank statement balance at beginning of year</b>	<u><b>125,300</b></u>	<u><b>-</b></u>
<b>Bank statement balance at end of year</b>	<u><b>312,284</b></u>	<u><b>125,300</b></u>
<b><u>Current Account (EFT /DBSA Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5079 2721:</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>163,134</u>	<u>-</u>
<b>Bank statement balance at beginning of year</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Bank statement balance at end of year</b>	<u><b>163,134</b></u>	<u><b>-</b></u>
<b><u>Current Account (EFT /DBSA Account)</u></b>		
<i>First National Bank - Port Nolloth Branch - Account Number 620 5079 2721:</i>		
Cash book balance at beginning of year	9,996	36,463
Cash book balance at end of year	<u>0</u>	<u>9,996</u>
<b>Bank statement balance at beginning of year</b>	<u><b>9,996</b></u>	<u><b>36,463</b></u>
<b>Bank statement balance at end of year</b>	<u><b>-</b></u>	<u><b>9,996</b></u>
<b><u>Summary</u></b>		
<b>Cash book balance at beginning of year</b>	<u><b>5,129,053</b></u>	<u><b>3,754,717</b></u>
<b>Cash book balance at end of year</b>	<u><b>6,573,396</b></u>	<u><b>5,129,053</b></u>
<b>Bank statement balance at beginning of year</b>	<u><b>5,115,898</b></u>	<u><b>4,132,075</b></u>
<b>Bank statement balance at end of year</b>	<u><b>6,953,730</b></u>	<u><b>5,115,898</b></u>

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Interest on overdrawn current accounts are charged at prime plus one per annum and earn interest at different rates per annum on favourable balances

Management of the municipality is of the opinion that the carrying value of Bank Balance and Cashes recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Bank Balance and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>22 PROPERTY RATES</b>	<b>2008</b>	<b>2007</b>
<b><u>Actual</u></b>	<b>R</b>	<b>R</b>
Residential	2,539,142	2,367,860
Commercial	399,744	374,089
State	40,826	36,187
Municipal	-	(2,651)

<b>Total Assessment Rates</b>	<b>2,979,712</b>	<b>2,775,485</b>
-------------------------------	------------------	------------------

<b><u>Valuations</u></b>	<b>July 2008</b>	<b>July 2007</b>
Residential	102,375,349	101,096,849
Commercial	17,465,983	17,488,983
State	2,229,000	2,103,000
Municipal	-	24,700
<b>Total Assessment Rates</b>	<b>122,070,332</b>	<b>120,713,532</b>

Assessment Rates are levied on the value of land and improvements, which valuation must be performed every five years. The last valuation came into effect on 1 July 1998. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general valuation, which will be applied with effect 1 July 2008, is currently performed.

A uniform general rate of 2,2887 c/R (2006/2007: 2,1390 c/R) is applied to property valuations to determine assessment rates. Rebates of 33,33% are applied to pensioners. A discount of 20% was granted to the State.

Rates are levied annually on property owners and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable the 7th of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

**23. INTEREST EARNED****Property Rates:**

Penalties imposed and Collection Charges	384,737	-
	<b>384,737</b>	<b>-</b>

**External Investments:**

Bank Account	254,423	695,605
Investments	14,075	
	<b>268,498</b>	<b>695,605</b>

**Outstanding Debtors:**

Long-term Receivables	64,804	-
Other Consumer Debtors	1,155,415	814,274
Other Debtors	-	-
	<b>1,220,219</b>	<b>814,274</b>

<b>Total Interest Earned</b>	<b>1,873,454</b>	<b>1,509,879</b>
------------------------------	------------------	------------------

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>24. SERVICE CHARGES</b>		
Sale of electricity	4,109,071	3,952,354
Sale of water	2,540,595	2,150,100
Refuse removal	1,494,381	1,363,292
Sewerage and sanitation charges	1,559,031	1,274,785
Social Levy	189,258	186,878
<b>Total Service Charges</b>	<b><u>9,892,336</u></b>	<b><u>8,927,410</u></b>
Attributable to:		
Continuing Operations	9,892,336	8,927,410
Discontinued Operations	-	-
	<b><u>9,892,336</u></b>	<b><u>8,927,410</u></b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

<b>25. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Buildings	168,745	168,417
Rental Revenue from Halls	22,306	24,432
Rental Revenue from Other facilities	1,014,139	655,303
<b>Total Rental of Facilities and Equipment</b>	<b><u>1,205,190</u></b>	<b><u>848,152</u></b>
Attributable to:		
Continuing Operations	1,205,190	848,152
Discontinued Operations	-	-
	<b><u>1,205,190</u></b>	<b><u>848,152</u></b>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>26. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>26.1 Provincial: Equitable Share</b>		
Balance unspent at beginning of year	29,850	-
Current year receipts	4,592,546	4,011,742
Capital spending - transferred to deferred income	-	-
Conditions met - transferred to revenue	(4,622,396)	(4,011,742)
Conditions still to be met - transferred to liabilities (see Note 10)	<u>-</u>	<u>-</u>

In terms of the Constitution, this grant is used to subsidise the provision of

**26.2 National: Financial Management Grant (FMG)**

Balance unspent at beginning of year	695,697	422,541
Current year receipts	542,865	552,683
Capital spending - transferred to deferred income	(3,799)	-
Conditions met - transferred to revenue	(810,658)	(279,526)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>424,106</b></u>	<u><b>695,697</b></u>

The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**26.3 National: Municipal Systems Improvement Grant (MSIG)**

Balance unspent at beginning of year	154,083	-
Current year receipts	894,608	154,083
Conditions met - transferred to revenue	(520,468)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>528,223</b></u>	<u><b>154,083</b></u>

The Municipal Systems Improvement Grant (MSIG) was received to improve and upgrade systems employed by the municipality to enable it to render

**26.4 National: Department Arts and Culture**

Balance unspent at beginning of year	12,124	13,356
Current year receipts	687	429
Conditions met - transferred to revenue	-	(1,661)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>12,811</b></u>	<u><b>12,124</b></u>

This grant was granted to plan and hold annual cultural festivals for the Nama community and to educate the youth in their own cultures and heritage. No funds have been withheld.

**26.5 National: Department Provincial and Local Government (DPLG)**

Balance unspent at beginning of year	125,300	-
Current year receipts	413,025	540,742
Conditions met - transferred to revenue	(238,392)	(415,442)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>299,933</b></u>	<u><b>125,300</b></u>

This grant was granted to improve capacity within the administration of the municipality and was used to improve internal procedures of various processes. No funds have been withheld.

**26.6 National: Department Public Works (DPW)**

Balance unspent at beginning of year	357,575	249,227
Current year receipts	391,940	609,765
Capital spending - transferred to deferred income	(388,631)	-
Conditions met - transferred to revenue	(310,240)	(501,418)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>50,643</b></u>	<u><b>357,575</b></u>

This grant was granted to maintain and improve infrastructure of the municipality. No funds have been withheld.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>26..7 Provincial: Office of the Premier</b>		
Balance unspent at beginning of year	41,656	40,177
Current year receipts	136	1,783
Capital spending - transferred to deferred income	-	-
Conditions met - transferred to revenue	(303)	(303)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>41,490</b></u>	<u><b>41,656</b></u>

This grant was granted for the execution of various small projects and processes. No funds have been withheld.

**26..8 Provincial: Department Local Government and Housing**

Balance unspent at beginning of year	1,995,098	1,579,388
Current year receipts	1,088,224	1,235,136
Capital spending - transferred to deferred income	(8,772)	-
Conditions met - transferred to revenue	(639,762)	(819,426)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>2,434,789</b></u>	<u><b>1,995,098</b></u>

This grant was allocated for various purposes to ensure sustainable service delivery to the community. No funds have been withheld.

**26..9 Local Government - Local District Municipality Grant (LDM)**

Balance unspent at beginning of year	85,387	170,701
Current year receipts	247,828	133,772
Conditions met - transferred to revenue	(3,338)	(219,087)
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>329,877</b></u>	<u><b>85,387</b></u>

This grant was used for infrastructure to partially execute the municipality's IDP. No funds have been withheld.

**26..10 Municipal Infrastructure Grant**

Balance unspent at beginning of year	-	-
Current year receipts	3,059,468	-
Capital spending - transferred to deferred income	(1,786,524)	-
Conditions met - transferred to revenue	(417,760)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>855,184</b></u>	<u>-</u>

**26..11 Infrastructure Sanitation**

Balance unspent at beginning of year	-	-
Current year receipts	101,269	-
Capital spending - transferred to deferred income	-	-
Conditions met - transferred to revenue	(100,201)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>1,068</b></u>	<u>-</u>

**26..12 Sport Grant**

Balance unspent at beginning of year	-	-
Current year receipts	121,006	-
Capital spending - transferred to deferred income	(89,000)	-
Conditions met - transferred to revenue	(21,490)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>10,515</b></u>	<u>-</u>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>26. .13 Conditional Provincial Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	246,000	-
Capital spending - transferred to deferred income	-	-
Conditions met - transferred to revenue	(246,000)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u>-</u>	<u>-</u>

**26. .14 Library**

Balance unspent at beginning of year	-	-
Current year receipts	40,000	-
Capital spending - transferred to deferred income	-	-
Conditions met - transferred to revenue	(16,648)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>23,352</b></u>	<u>-</u>

**26. .15 Other - Public Grants**

Balance unspent at beginning of year	341,313	-
Current year receipts	94,703	341,313
Capital spending - transferred to deferred income	(57,900)	-
Conditions met - transferred to revenue	(99,857)	-
Conditions still to be met - transferred to liabilities (see Note 10)	<u><b>278,259</b></u>	<u><b>341,313</b></u>

**TOTAL GRANTS AND SUBSIDIES**

Balance unspent at beginning of year	3,808,233	2,475,389
Current year receipts	7,241,760	3,569,706
Capital spending - transferred to deferred income	(2,334,625)	-
Conditions met - transferred to revenue	(3,425,118)	(2,236,863)
Conditions still to be met - transferred to liabilities (see note 10)	<u><b>5,290,250</b></u>	<u><b>3,808,233</b></u>

These grants received from National Government are for operating and capital expenditure such as budget reform, restructuring and other. Excluding the amounts unspent, the conditions of the grants have been met. See appendix F.

**Changes in levels of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years with the exception of Provincial Health Subsidies which is currently being phased out as the Provincial Government will render this service in future.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>27. OTHER INCOME</b>		
Included in other income is the following:-		
Sundry Services Rendered	160,809	400,014
Sundry Fees Charged	70,532	61,508
Other Income	13,599,600	175,800
<b>Total Other Income</b>	<b>13,830,941</b>	<b>637,322</b>
Attributable to:		
Continuing Operations	13,830,941	637,322
Discontinued Operations	-	-
	<b>13,830,941</b>	<b>637,322</b>

The amounts disclosed above for Other Income are in respect of services,

**28. EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	6,376,323	5,984,996
Employee related costs - Contributions for UIF, pensions and medical aids	1,470,191	1,286,868
Travel, motor car, accommodation, subsistence and other allowances	212,726	159,592
Housing benefits and allowances	41,723	36,911
Overtime payments	295,805	392,589
Defined Benefit Plan Expense:	229,508	248,807
Current Service Cost	229,508	112,781
Interest Cost	-	136,026
Contribution to Leave Gratuity	-	-
Less: Employee related costs (Discontinued Operations)	-	-
<b>Total Employee Related Costs</b>	<b>8,626,276</b>	<b>8,109,763</b>
Attributable to:		
Continuing Operations	8,626,276	8,109,763
Discontinued Operations	-	-
	<b>8,626,276</b>	<b>8,109,763</b>

No advances were made to employees.

***Remuneration of the Municipal Manager***

Annual Remuneration	200,240	201,736
Car Allowance	88,735	94,442
Performance Bonus	16,000	16,000
Long-service award	-	-
Other	9,536	12,610
Contributions to UIF, Medical and Pension Funds	57,957	55,473
	-	-
<b>Total</b>	<b>372,468</b>	<b>380,261</b>

***Remuneration of the Chief Finance Officer***

Annual Remuneration	165,046	162,762
Performance Bonus	13,754	12,669
Car Allowance	43,264	40,198
Other Allowances	2,246	11,452
Company Contributions to UIF, Medical and Pension Funds	60,864	54,738
<b>Total</b>	<b>285,174</b>	<b>281,820</b>

***Remuneration of Individual Executive Directors***

*None*

The following compensation was payable to key management personnel in

**Post Employment Benefits:**

Municipal Manager	-	-
Chief Financial Officer	451,995	42,118
<b>Total</b>	<b>451,995</b>	<b>42,118</b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>29 REMUNERATION OF COUNCILLORS</b>	<b>2008 R</b>	<b>2007 R</b>
Mayor	213,878	162,756
Councillors	427,074	343,939
Company Contributions to UIF, Medical and Pension Fund:	-	12,842
Sundry Allowances (Cellular Phones, etc)	366,914	322,858
Allowances allocated to Employee Related Costs in General Ledger	247,277	239,314
	-	-
<b>Total Councillors - Remuneration</b>	<b>1,255,143</b>	<b>1,081,708</b>
<b>In-kind Benefits</b>		
The Mayor is full-time and is provided with an office and secretarial support at the cost of the Council. The Mayor is compensated for the use of his private vehicle when engaged in official duties.		
<b>30 DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	5,315,235	5,362,357
Amortisation: Intangible Assets	128,814	63,803
<b>Total Depreciation and Amortisation</b>	<b>5,444,049</b>	<b>5,426,160</b>
Attributable to:		
Continuing Operations	5,444,049	5,426,160
Discontinued Operations	-	-
	<b>5,444,049</b>	<b>5,426,160</b>
<b>31. INTEREST PAID</b>		
Long-term liabilities	504,028	460,030
Finance leases	-	-
Bank overdrafts	130	2,180
Other	822	-
	-	-
Total Interest Expense	<b>504,980</b>	<b>462,210</b>
<b>Total Interest on External Borrowings</b>	<b>504,980</b>	<b>462,210</b>
Attributable to:		
Continuing Operations	504,980	462,210
Discontinued Operations	-	-
	<b>504,980</b>	<b>462,210</b>
<b>32. BULK PURCHASES</b>	<b>2008 R</b>	<b>2007 R</b>
Electricity	2,286,157	2,230,974
Water	443,469	399,990
<b>Total Bulk Purchases</b>	<b>2,729,626</b>	<b>2,630,964</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Escom whilst Water is purchased from Alexcor



**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

<b>33. GRANTS AND SUBSIDIES PAID</b>	<b>2008 R</b>	<b>2007 R</b>
* Low Income Subsidy	1,866,342	1,573,429
* Community Projects Creation of Work	19,918	1,907,166
* Social Needs / HIV	-	-
Other	20,780	26,680
	34,980	127,751
<b>Total Grants and Subsidies</b>	<b><u>1,942,020</u></b>	<b><u>3,635,025</u></b>

The Low Income Subsidy is in respect of providing basic service levels to indigent households. All households get the first 6 kl water free and household with a monthly income of R1880 and less receive 50 kwh electricity and R95. pm credit on their account to pay for refuse and sewerage levies.

\* Community Projects are projects carried out with grants received from various donors to uplift the community.

Social Needs / HIV grants are paid to assist individuals from the community in need caused by a disastrous event.

The Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

<b>34 GENERAL EXPENSES</b>	<b>2008 R</b>	<b>2007 R</b>
Audit fees	914,298	113,672
Bank Charges	224,495	141,416
Christmas Lights Festival	242,919	337,854
Computer Licences	135,048	146,103
Congres /Deputation Costs	116,063	-
Fuel Vehicles	626,473	566,128
Insurance	360,066	226,261
Legal Fees	132,702	-
Printing & Stationary	112,016	116,960
Service Charges Electricity	122,432	97,445
Service Charges Water	45,891	55,385
Telephones	224,582	222,891
Others	1,029,139	1,264,263
<b>Total General Expenses</b>	<b><u>4,286,124</u></b>	<b><u>3,288,378</u></b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****35 CHANGE IN ACCOUNTING POLICY**

The municipality adopted the following International Accounting Standard  
- IAS 20 Government Grants

The financial statements of 2007 has been restated to correct these errors.

The effect of the restatement is summarised below:

	<b>As previously reported R</b>	<b>Amount of correction R</b>	<b>Restated R</b>	
a) Adjustment of <b>opening balances</b>				
Government Grants reserve as at 1 July 2006	18,794,649	(18,794,649)	-	#
Deferred Revenue as at 1 July 2006	-	18,794,649	18,794,649	#
b) Adjustment of accumulated surplus <b>movement for the year ended 30 June 2007</b>				
Accumulated surplus	31,803,480	2,476,466	34,279,946	
Deferred Revenue	18,794,649	(2,476,466)	16,318,183	

**36 CORRECTION OF ERROR****36.1 Reserves to accumulated surplus**

Since fund accounting is not allowed in terms of GRAP / GAMAP / GAAP, the municipality's internal funds and reserves should form part of Accumulated Surplus and should not be disclosed as in 2007 Annual Financial Statements as separate reserves on the face of the Statement of Financial Position and Statement of Changes in Net Assets.

The financial statements of 2007 has been restated to correct these errors. The effect of the restatement is summarised below:

	<b>As previously reported R</b>	<b>Amount of correction R</b>	<b>Restated R</b>
a) Adjustment of opening balances as at 1 July 2006			
Accumulated Surplus	31,803,480	16,748,578	48,552,058
Income on smoothing of leases	-	(19,583)	-
Housing Development Fund	976,401	(976,401)	-
Capital Replacement Reserve	1,130,710	(1,130,710)	-
Capital Reserve	4,284,443	(4,284,443)	-
Donations and Public Reserve	10,337,441	(10,337,441)	-
b) Adjustment of closing balances as at 30 June 2007			
Accumulated Surplus	27,171,068	16,353,889	43,524,957
Income on smoothing of leases	-	(47,000)	-
Housing Development Fund	976,401	(976,401)	-
Capital Replacement Reserve	640,743	(640,743)	-
Capital Reserve	3,875,286	(3,875,286)	-
Donations and Public Reserve	9,570,168	(9,570,168)	-
* Other correction (See detail below)	-	(1,244,291)	-

**CORRECTION OF ERROR**

\* Details of the correction of errors are as follows:

Corrections to Creditors	290,269
Corrections to Debtors	768,042
Corrections to Assets	185,980
<b>Increase in accumulated surplus</b>	<b><u>1,244,291</u></b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>37 CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	9,871,980	(8,747,858)
Adjustment for:-		
Previous years	1,244,291	(822,952)
Depreciation	5,147,418	5,426,161
Contribution to bad debt provision	2,879,724	5,837,160
Assets from Grants	2,844,745	-
Depreciation from Grants	(2,873,063)	-
Donated/ contributed PPE	1,923,417	-
Offsetting of depreciation	-	-
Assets purchased from the CRR	(60,285)	-
Housing development	842	-
Gain on Disposal of Property, Plant and Equipment	-	(1,848,742)
Increase/(Decrease) in provisions	3,184	-
Bad Debts written-off / recovered	-	(1,044,193)
Investment income	(1,873,454)	(695,605)
Interest paid	504,981	462,211
<b>Operating surplus before working capital changes:</b>	<b>19,613,779</b>	<b>(1,433,818)</b>
(Increase)/decrease in inventories	(44,821)	172,324
(Increase)/decrease in consumer debtors	(2,473,619)	(1,126,115)
(Increase)/decrease in other debtors	(71,702)	(24,805)
(Increase)/decrease in Operation Leases	(17,899)	-
(Decrease)/increase in conditional grants and receipts	1,482,017	857,826
Increase/(Decrease) in Provisions	(12,975,375)	1,073,389
Increase/(Decrease) in creditors	(484,709)	518,022
Increase/(Decrease) in VAT	(536,077)	(79,198)
<b>Cash generated by/(utilised in) operations</b>	<b>4,491,594</b>	<b>(42,375)</b>
<b>38. CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	6,573,396	5,129,053
Petty Cash Advances	380	380
<b>Total cash and cash equivalents</b>	<b>6,573,776</b>	<b>5,129,433</b>
<b>39. NON-CASH INVESTING AND FINANCING TRANSACTIONS</b>		
None		

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

	2008 R	2007 R
<b>40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 4)	5,834,891	6,072,167
Used to finance property, plant and equipment - at cost	5,834,891	6,072,167
<b>Sub- total</b>	<b>-</b>	<b>-</b>
Cash set aside for the repayment of long-term liabilities	458,507	380,623
<b>Cash invested for repayment of long-term liabilities</b>	<b>458,507</b>	<b>380,623</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		

**41. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED****41.1 Unauthorised expenditure**

To the best of knowledge no unauthorised expenditure was incurred during the year under review.

**41.2 Fruitless and wasteful expenditure**

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	67,330	65,150
Fruitless and Wasteful Expenditure current year	2,180	2,180
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 39)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<b>69,511</b>	<b>67,330</b>

<b>Incident</b>	<b>Disciplinary Steps / Criminal Proceedings</b>
<i>Interest on late payment - Various Creditors</i>	<i>None</i>

**41.3 Irregular expenditure**

To the best of knowledge instances of note indicating that fruitless and

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 46)	-	-
Transferred to receivables for recovery (see Note 17)	-	-
<b>Irregular Expenditure awaiting condonement</b>	<b>-</b>	<b>-</b>

<b>Incident</b>	<b>Disciplinary Steps / Criminal Proceedings</b>

**42. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT****42.1 Contributions to organized local government**

Opening balance	-	-
Council subscriptions	-	30,496
Amount paid - current year	-	(30,496)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

<b><u>42.2 Audit fees</u></b>	<b>2008 R</b>	<b>2007 R</b>
Opening balance	-	-
Current year audit fee	1,346,778	402,996
Amount paid - current year	(793,776)	(402,996)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b><u>553,002</u></b>	<b><u>-</u></b>

The balance unpaid represents the audit fee for an interim audit conducted

**42.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in note 9.

**42.4 PAYE and UIF**

Opening balance	32,310	-
Current year payroll deductions	573,844	628,597
Amount paid - current year	(573,844)	(596,287)
Amount paid - previous years	(32,310)	-
<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>32,310</u></b>

**42.5 Pension and Medical Aid Deductions**

Opening balance	157,944	-
Current year payroll deductions and Council Contributions	1,807,923	1,772,201
Amount paid - current year	(1,807,923)	(1,614,257)
Amount paid - previous years	(157,944)	-
The balance represents Pension and Medical Aid contributions deducted	<b><u>-</u></b>	<b><u>157,944</u></b>

**42.6 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
<b>30 June 2008</b>	<b>R</b>	<b>R</b>	<b>R</b>
Councillor Hausiku Elmier	7,111	404	6,707
Councillor Singh Dar	13,794	495	13,299
<b>Total Councillor Arrear Consumer Accounts</b>	<b><u>20,905</u></b>	<b><u>899</u></b>	<b><u>20,006</u></b>
<b>30 June 2007</b>			
Councillor Singh D	10,636	881	9,755
Councillor Sobowa P	858	353	505
<b>Total Councillor Arrear Consumer Accounts</b>	<b><u>11,494</u></b>	<b><u>1,234</u></b>	<b><u>10,260</u></b>

**42.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

No known matters existed at reporting date.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****43. COMMITMENTS FOR EXPENDITURE**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>43.1 Capital Commitments</b>		
Commitments in respect of capital expenditure:		
- <b>Approved and contracted for</b>	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
 - <b>Approved but not yet contracted for</b>	<b>7,200,000</b>	<b>958,480</b>
<i>Infrastructure</i>	7,200,000	958,480
<i>Community</i>	-	-
<i>Heritage</i>	-	-
 <i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
 <b>Total</b>	<b>7,200,000</b>	<b>958,480</b>
 This expenditure will be financed from:		
- External Loans	-	-
- Capital Replacement Reserve	-	958,480
- Government Grants	720,000	-
 - Own resources	-	-
- District Municipality Grants	-	-
	<b>720,000</b>	<b>958,480</b>
 Commitments for the acquisition of Property, Plant and Equipmen	-	-
 <b>43.2 Other Commitments</b>		
None		

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****44. FINANCIAL INSTRUMENTS***Classification***FINANCIAL ASSETS**

In accordance with IAS 39.09 the Financial Assets of the municipality are

**2008****2007****R****R**

<b><u>Financial assets</u></b>	<b><u>Classification</u></b>		
<b>Investments</b>			
Listed Investments	Held to maturity	-	-
<b>Long-term Receivables</b>			
Housing Selling Scheme Loans	Loans and receivables	254,892	259,964
Sale of Erven	Loans and receivables	44,231	337,859
Finance Lease Receivables	Loans and receivables	64,898	46,999
<b>Consumer Debtors</b>			
Rates	Loans and receivables	400,107	443,505
Electricity	Loans and receivables	43,402	58,992
Refuse Removal	Loans and receivables	303,906	300,867
Sewerage	Loans and receivables	259,327	291,217
Water	Loans and receivables	268,911	334,614
Housing Rentals	Loans and receivables	16,872	20,902
Other Debtors	Loans and receivables	792,753	1,041,286
<b>Other Debtors</b>			
Sundry debtors	Loans and receivables	90,423	18,721
<b>Current Portion of Long-term Receivables</b>			
Housing Selling Scheme Loans	Loans and receivables	5,072	(4,435)
Sale of Erven	Loans and receivables	190,332	(382,790)
VAT Control Accounts	Loans and receivables	731,092	195,015
<b>Short-term Investment Deposits</b>			
<b>Bank Balances and Cash</b>			
Bank Balances	Available for sale	6,573,396	5,129,053
Cash Floats and Advances	Available for sale	380	380
Other Cash Equivalents	Available for sale	-	-
<b>Total Financial Assets</b>		<b>10,039,994</b>	<b>16,184,298</b>

**FINANCIAL LIABILITIES**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are

<b><u>Financial liabilities</u></b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Not valued at FVTPL	5,376,384	6,072,167
Capitalised Lease Liability	Not valued at FVTPL	-	-
<b>Retirement Benefit Liabilities</b>			
Post-retirement Medical Aid Benefits	Not valued at FVTPL	2,088,485	1,862,161
<b>Non-current Provisions</b>			
Cleaning of Illegal Dumping	Not valued at FVTPL	2,110,000	15,311,700

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008**

		<b>2008</b>	<b>2007</b>
		<b>R</b>	<b>R</b>
<b>44. FINANCIAL INSTRUMENTS (Continued)</b>			
<b>Consumer Deposits</b>			
Electricity and Water	Not valued at FVTPL	559,222	508,915
<b>Creditors</b>			
Trade creditors	Not valued at FVTPL	563,748	1,142,967
Payments received in advance	Not valued at FVTPL	308,816	20,649
Retentions	Not valued at FVTPL	-	38,586
Staff leave	Not valued at FVTPL	532,569	681,610
Other creditors	Not valued at FVTPL	277,110	283,141
<b>Unspent Conditional Grants and Receipts</b>			
Other Spheres of Government	Not valued at FVTPL	5,011,991	3,466,920
Other Conditional Receipts	Not valued at FVTPL	278,259	341,313
<b>Operating Lease Liability</b>			
Operating Lease Liability	Not valued at FVTPL	-	-
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Not valued at FVTPL	458,507	380,623
<b>Total Financial Liabilities</b>		<u>17,609,947</u>	<u>30,110,752</u>

**The Fair Values of Financial Assets and Financial Liabilities are determined as follows:**

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;



**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****45 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The personnel of the Richtersveld Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is defined benefit plan, whereas the Cape Joint Retirement Fund, Municipal Councillors Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0 %) and Council (18,0 %) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2007 (30 June 2006) revealed that the fund had an actuarial surplus of R 105,04 (R 38,6) million with a funding level of 137,4 % (114,0 %). Certified in a sound financial position as at 30 June 2007.

**CAPE JOINT PENSION FUND**

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council. The last valuation performed for the year ended 30 June 2007 (30 June 2006) revealed that the fund had an actuarial surplus of R 200,21 (R 293,02) million with a funding level of 107,2 % (111,4 %), and is in a sound financial state as at 30 June 2007.

The actuarial valuation report at 30 June 2007 indicated that the defined contribution scheme of the fund is in a sound financial position, with a funding level of 105.3% (2006:105.5%).

**MUNICIPAL COUNCILLORS PENSION FUND**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2006 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future.

**SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND**

The contribution rate payable is 7,5 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2005 certified that the fund is in a sound financial state.

None of the above mentioned plans are state plans.

**46. RELATED PARTY TRANSACTIONS*****58.1 Services rendered to Related Parties***

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

<b>Rates and Services Accounts</b>	<b>Rates R</b>	<b>Service Charges R</b>	<b>Other R</b>	<b>Outstanding Balances R</b>
<b>30 June 2008</b>				
Councillors	23,013	51,615	-	21,803
Municipal Manager and Section 57 Personnel	1,831	6,909	-	-
Municipal Entities	-	-	-	-
<b>Total</b>	<b>24,844</b>	<b>58,524</b>	<b>-</b>	<b>21,803</b>
<b>30 June 2007</b>				
Councillors	22894	64,131		10,154
Municipal Manager and Section 57 Personnel	1711	8,173		
Municipal Entities	-	-	-	-
<b>Total</b>	<b>24,605</b>	<b>72,304</b>	<b>-</b>	<b>10,154</b>

The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**RICHTERSVELD MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008****58.2 Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, if any, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

**58.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28.

**58.4 Purchases from Related Parties**

The municipality incurred business to the value of R Nil with any Related parties.

**58.5 Other related party transactions**

The municipality incurred business to the value of R Nil with any Related parties.

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>47. CONTINGENT LIABILITY</b>		
38.1 Legal Cases:	-	-
	<u>-</u>	<u>-</u>

**48. CONTINGENT ASSET**

The Municipality was not engaged in any transaction or event during the year under review involving a contingent asset.

**IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donation and assistance during

**49 COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

**50 PRIVATE PUBLIC PARTNERSHIPS**

The Municipality has entered into a public-private partnership agreement with Richtersveld Company for Sustainable Development. Money will be received from the World Bank. No transactions between the Municipality and the Company have occurred.

**51. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred

**RICHTERSVELDT MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008****13 PROPERTY, PLANT AND EQUIPMENT****30 June 2008**

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings</b>	<b>Infra-structure</b>	<b>Community</b>	<b>Heritage</b>	<b>Other</b>	<b>Housing Development Fund</b>	<b>Leased infrastructure</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2007</b>	<b>38,420,375</b>	<b>35,163,782</b>	<b>2,195,826</b>	<b>-</b>	<b>3,549,604</b>	<b>92,117</b>	<b>-</b>	<b>78,966,908</b>
Cost	41,239,110	104,965,622	3,333,379	-	7,087,822	583,200	-	157,209,133
Correction of error	-	-	-	-	454,796	-	-	454,796
Revaluation	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>2,818,735</b>	<b>69,801,840</b>	<b>1,137,553</b>	<b>-</b>	<b>3,993,014</b>	<b>491,083</b>	<b>-</b>	<b>78,242,225</b>
- Cost	2,818,735	69,801,840	1,137,553	-	3,993,014	491,083	-	78,242,225
- Correction of error	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	272,131	149,470	3,942,930	-	(72,499)	-	-	-
Capital under Construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
<b>Depreciation</b>	<b>255,129</b>	<b>4,471,501</b>	<b>165,097</b>	<b>-</b>	<b>401,794</b>	<b>-</b>	<b>-</b>	<b>401,794</b>
- based on cost	255,129	4,471,501	165,097	-	401,794	-	-	401,794
- based on revaluation	-	-	-	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,633</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cost/revaluation	-	-	-	-	159,734	-	-	-
Accumulated depreciation	-	-	-	-	146,101	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>38,437,377</b>	<b>30,841,751</b>	<b>5,973,659</b>	<b>-</b>	<b>3,061,678</b>	<b>92,117</b>	<b>-</b>	<b>78,406,582</b>
Cost	41,511,241	105,115,092	7,276,309	-	7,310,385	583,200	-	161,796,227
Correction of error (note 46)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>3,073,864</b>	<b>74,273,341</b>	<b>1,302,650</b>	<b>-</b>	<b>4,248,707</b>	<b>491,083</b>	<b>-</b>	<b>83,389,645</b>
- Cost	3,073,864	74,273,341	1,302,650	-	4,248,707	491,083	-	83,389,645
- Correction of error (note 46)	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-

**RICHTERVELDT MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008****13 PROPERTY, PLANT AND EQUIPMENT (Continued)****30 June 2007**

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings</b>	<b>Infra- structure</b>	<b>Community</b>	<b>Heritage</b>	<b>Other</b>	<b>Housing Development Fund</b>	<b>Leased infrastructure</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2006</b>	<b>38,674,748</b>	<b>39,697,437</b>	<b>1,951,225</b>	<b>-</b>	<b>1,501,872</b>	<b>92,117</b>	<b>-</b>	<b>81,917,399</b>
Cost	41,239,110	104,874,273	2,988,600	-	5,112,083	583,200	-	154,797,266
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>2,564,362</b>	<b>65,176,836</b>	<b>1,037,375</b>	<b>-</b>	<b>3,610,211</b>	<b>491,083</b>	<b>-</b>	<b>72,879,867</b>
- Cost	2,564,362	65,176,836	1,037,375	-	3,610,211	491,083	-	72,879,867
- Correction of error	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	91,349	-	-	1,975,740	-	-	2,067,089
Capital under Construction	-	-	344,779	-	-	-	-	344,779
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
<b>Depreciation</b>	<b>254,373</b>	<b>4,625,004</b>	<b>100,178</b>	<b>-</b>	<b>382,803</b>	<b>-</b>	<b>-</b>	<b>5,362,358</b>
- based on cost	254,373	4,625,004	100,178	-	382,803	-	-	5,362,358
- based on revaluation	-	-	-	-	-	-	-	-
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2007</b>	<b>38,420,375</b>	<b>35,163,782</b>	<b>2,195,826</b>	<b>-</b>	<b>3,094,809</b>	<b>92,117</b>	<b>-</b>	<b>78,966,909</b>
Cost	41,239,110	104,965,622	3,333,379	-	7,087,823	583,200	-	157,209,134
Correction of error (note 46)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>	<b>2,818,735</b>	<b>69,801,840</b>	<b>1,137,553</b>	<b>-</b>	<b>3,993,014</b>	<b>491,083</b>	<b>-</b>	<b>78,242,225</b>
- Cost	2,818,735	69,801,840	1,137,553	-	3,993,014	491,083	-	78,242,225
- Correction of error (note 46)	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-

Refer to Appendices B, C and E (2) for more detail on property, plant and equipment, including those in the course of construction.

**APPENDIX A****RICHTERSVELD MUNICIPALITY****"SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

	Loan Number	Redeemable	Balance at 30/06/2007	Received during the period	Redeemed written off during the period	Balance 30/06 2008	Carrying Value of Property, Plant and Equipment	Other Costs in accordance with the MFMA
<b>EXTERNAL LOANS</b>								
<b>LONG- TERM LOANS</b>								
DBSA	101910	31/12/2015	4,283,665	-	336,021	3,947,644	8,854,426	-
DBSA	102502	31/03/2014	1,788,503	-	(98,744)	1,887,247	1,070,057	-
						-		
<b>Total Long- Term Loans</b>			<b>6,072,167</b>	<b>-</b>	<b>237,276</b>	<b>5,834,891</b>	<b>9,924,483</b>	<b>-</b>
<b>LEASES</b>								
			-			-		-
<b>Total leases</b>			-	-	-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>			<b>6,072,167</b>	<b>-</b>	<b>237,276</b>	<b>5,834,891</b>	<b>9,924,483</b>	<b>-</b>

**Development Bank Loan No 1019910/25/11/2005:**

Structured unsecured 123 consecutive monthly instalments loan. Original loan capital of R4 615 117 plus fixed interest of 10% repayable over 123 months starting on 31 January 2006.

**Development Bank Loan No 102502:**

Structured R1,8m 7 year loan with fix interest of 5 %. Capital repayable starting 13 month after the month in which the first disbursement was advance to the municipality in 72 monthly instalments. Interest repayment -84 monthly instalments commencing on the last day of the firts month during wich the first disbursement was advance to the municipality.

For loan 102502 the Annexure on "The Ceded Subject Matter" are included. "The Cedent's income stream, covering the instalments outstanding plus interest and collection charges outstanding at any time during the term of the Loan"

**APPENDIX B****RICHTERSVELD MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	33,593,910	-	-	-	33,593,910	-	-	-	-	33,593,910
Office Buildings	5,016,800	-	-	-	5,016,800	1,802,307	167,227	-	1,969,533	3,047,267
Official Houses	615,000	-	-	-	615,000	20,500	20,500	-	41,000	574,000
Other Buildings	1,879,400	-	-	-	1,879,400	692,794	62,180	-	754,974	1,124,426
Workshops and Depots	134,000	-	-	-	134,000	48,760	4,467	-	53,227	80,773
	<b>41,239,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,239,110</b>	<b>2,564,362</b>	<b>254,373</b>	<b>-</b>	<b>2,818,734</b>	<b>38,420,376</b>
<b>Infrastructure</b>										
<i>Electricity:</i>										
Electrical Motors	138,418	-	-	-	138,418	80,058	7,645	-	87,703	50,715
Mains	6,907,608	-	-	-	6,907,608	6,283,279	77,234	-	6,360,512	547,096
Supply and Reticulation	3,427,098	-	-	-	3,427,098	3,426,895	-	-	3,426,895	203
Switchgear Equipment	252,000	-	-	-	252,000	24,150	12,600	-	36,750	215,250
Transformer Kiosks	3,275,000	-	-	-	3,275,000	2,779,205	61,333	-	2,840,538	434,462
<i>Roads:</i>										
Roads: Tarred	50,171,100	-	-	-	50,171,100	37,517,024	2,545,936	-	40,062,960	10,108,140
<i>Security Measures:</i>										
Fencing	3,562,800	-	-	-	3,562,800	3,524,427	19,999	-	3,544,426	18,374
<i>Sewerage:</i>										
Meters	1,530,776	-	-	-	1,530,776	603,806	102,052	-	705,857	824,919
Outfall Sewers	2,159,689	-	-	-	2,159,689	854,875	107,984	-	962,859	1,196,830
Pumping Stations	25,000	-	-	-	25,000	20,392	1,250	-	21,642	3,358
Reticulation Pumps	343,544	91,349	-	-	434,894	194,927	26,108	-	221,035	213,859
Sewers	1,575,545	-	-	-	1,575,545	366,324	75,894	-	442,218	1,133,327
<i>Water:</i>										
Boreholes	19,828	-	-	-	19,828	10,478	553	-	11,031	8,797
Mains	9,493,020	-	-	-	9,493,020	3,973,072	473,918	-	4,446,991	5,046,029
Meters	1,635,346	-	-	-	1,635,346	656,498	108,908	-	765,407	869,939
Pumping Stations	60,000	-	-	-	60,000	19,749	3,000	-	22,749	37,251
Reservoirs and Tanks	17,720,410	-	-	-	17,720,410	4,206,198	886,020	-	5,092,218	12,628,192
Reticulation Pumps	419,820	-	-	-	419,820	191,252	24,015	-	215,267	204,553
Supply and Reticulation	2,157,271	-	-	-	2,157,271	444,227	90,556	-	534,783	1,622,488
	<b>104,874,273</b>	<b>91,349</b>	<b>-</b>	<b>-</b>	<b>104,965,623</b>	<b>65,176,836</b>	<b>4,625,004</b>	<b>-</b>	<b>69,801,841</b>	<b>35,163,782</b>
<b>Community Assets</b>										
<i>Recreational Facilities:</i>										
Beach Developments	200,000	-	344,779	-	544,779	92,777	7,624	-	100,401	444,378
	1,315,000	-	-	-	1,315,000	478,514	43,833	-	522,347	792,653
<i>Other Facilities:</i>										
Cemeteries	5,000	-	-	-	5,000	4,999	-	-	4,999	1
Clinics and Hospitals	1,461,100	-	-	-	1,461,100	453,917	48,703	-	502,620	958,480
Public Conveniences/Bathroom	7,500	-	-	-	7,500	7,168	17	-	7,185	315
	<b>2,988,600</b>	<b>-</b>	<b>344,779</b>	<b>-</b>	<b>3,333,379</b>	<b>1,037,375</b>	<b>100,177</b>	<b>-</b>	<b>1,137,552</b>	<b>2,195,827</b>
<b>Heritage Assets</b>										
	-	-	-	-	-	-	-	-	-	-
<b>Housing Rental Stock</b>										
Houses: Selling Schemes: Bu	491,100	-	-	-	491,100	491,083	-	-	491,083	17
Houses: Selling Schemes: Lar	92,100	-	-	-	92,100	-	-	-	-	92,100
	<b>583,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>583,200</b>	<b>491,083</b>	<b>-</b>	<b>-</b>	<b>491,083</b>	<b>92,117</b>
<b>Total carried forward</b>	<b>149,685,183</b>	<b>91,349</b>	<b>344,779</b>	<b>-</b>	<b>150,121,312</b>	<b>69,269,656</b>	<b>4,979,554</b>	<b>-</b>	<b>74,249,210</b>	<b>75,872,102</b>

**APPENDIX B****RICHTERSVELD MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>149,685,183</b>	<b>91,349</b>	<b>344,779</b>	<b>-</b>	<b>150,121,312</b>	<b>69,269,656</b>	<b>4,979,554</b>	<b>-</b>	<b>74,249,210</b>	<b>75,872,102</b>
<b>Leased Assets</b>										
Office Equipment										
	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>										
<i>Bins and Containers:</i>										
Household Refuse Bins	4,550	-	-	-	4,550	1,081	864	-	1,945	2,605
					-				-	-
<i>Emergency Equipment:</i>										
Fire Hoses	1,988	-	-	-	1,988	975	378	-	1,353	635
					-				-	-
<i>Furniture and Fittings:</i>										
Cabinets and Cupboards	488,180	-	-	-	488,180	370,148	14,194	-	384,342	103,838
Chairs	158,983	-	-	-	158,983	138,550	2,336	-	140,886	18,097
Other Furniture and Fittings	311,527	14,748	-	-	326,274	223,945	11,457	-	235,402	90,872
Tables and Desks	410,286	-	-	-	410,286	311,936	14,196	-	326,132	84,154
<i>Motor Vehicles:</i>										
Trailers	495,003	474,872	-	-	969,874	396,499	29,337	-	425,836	544,038
Trucks and Bakkies	1,256,496	336,308	-	-	1,592,804	788,838	89,611	-	878,448	714,356
<i>Office Equipment:</i>										
Air Conditioners	1,667	-	-	-	1,667	94	226	-	320	1,347
Computer Hardware	712,389	41,533	-	-	753,922	559,656	87,389	-	647,046	106,876
Office Machines	161,239	-	-	-	161,239	135,597	13,680	-	149,277	11,962
<i>Plant and Equipment:</i>										
Compressors	220,000	-	-	-	220,000	72,600	39,600	-	112,200	107,800
Mechanical Horses	181,708	345,000	-	-	526,708	114,476	24,702	-	139,178	387,530
Other Plant and Equipment	188,022	6,780	-	-	194,802	149,516	7,794	-	157,310	37,492
Radio Equipment	38,040	-	-	-	38,040	27,932	4,340	-	32,272	5,768
Telecommunication Equipme	259,020	-	-	-	259,020	184,962	15,873	-	200,835	58,185
Tippers	-	346,500	-	-	346,500	-	5,198	-	5,198	341,302
Tractors	222,986	410,000	-	-	632,986	133,405	21,629	-	155,034	477,952
	<b>5,112,083</b>	<b>1,975,740</b>	<b>-</b>	<b>-</b>	<b>7,087,823</b>	<b>3,610,211</b>	<b>382,803</b>	<b>-</b>	<b>3,993,014</b>	<b>3,094,809</b>
<b>Total: Property, Plant and Equipment</b>	<b>154,797,266</b>	<b>2,067,089</b>	<b>344,779</b>	<b>-</b>	<b>157,209,135</b>	<b>72,879,867</b>	<b>5,362,357</b>	<b>-</b>	<b>78,242,224</b>	<b>78,966,911</b>

**APPENDIX B****RICHTERSVELD MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007****ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	6,500	-	-	-	6,500	-	-	-	-	6,500
Buildings:Let-out	172,000	-	-	-	172,000	-	-	-	-	172,000
<b>Total: Investment Property</b>	<b>178,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,500</b>

**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Amortisation and Impairment				Carrying Value
	Opening Balance	Additions	Under Development	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Computer Software	308,347	-	-	-	308,347	108,838	61,668	-	170,506	137,841
Documents and Charts	-	-	128,089	-	128,089	-	2,135	-	2,135	125,954
<b>Total: Intangible Assets</b>	<b>308,347</b>	<b>-</b>	<b>128,089</b>	<b>-</b>	<b>436,436</b>	<b>108,838</b>	<b>63,803</b>	<b>-</b>	<b>172,641</b>	<b>263,795</b>
<b>Grand Total</b>	<b>155,284,113</b>	<b>2,067,089</b>	<b>472,868</b>	<b>-</b>	<b>157,824,071</b>	<b>72,988,705</b>	<b>5,426,160</b>	<b>-</b>	<b>78,414,865</b>	<b>79,409,206</b>



**APPENDIX B (2)****RICHTERSVELD MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	33,593,910	-	-	-	33,593,910	-	-	-	-	33,593,910
Office Buildings	5,016,800	165	-	-	5,016,965	1,969,533	167,227	-	2,136,760	2,880,205
Official Houses	615,000	-	-	-	615,000	41,000	20,500	-	61,500	553,500
Other Buildings	1,879,400	271,966	-	-	2,151,366	754,974	62,935	-	817,909	1,333,457
Workshops and Depots	134,000	-	-	-	134,000	53,227	4,467	-	57,694	76,306
	<b>41,239,110</b>	<b>272,131</b>	<b>-</b>	<b>-</b>	<b>41,511,241</b>	<b>2,818,734</b>	<b>255,129</b>	<b>-</b>	<b>3,073,863</b>	<b>38,437,378</b>
<b>Infrastructure</b>										
<i>Electricity:</i>										
Electrical Motors	138,418	75,000	-	-	213,418	87,703	7,756	-	95,459	117,959
Mains	6,907,608	-	-	-	6,907,608	6,360,512	77,234	-	6,437,746	469,862
Supply and Reticulation	3,427,098	-	-	-	3,427,098	3,426,895	-	-	3,426,895	203
Switchgear Equipment	252,000	-	-	-	252,000	36,750	12,600	-	49,350	202,650
Transformer Kiosks	3,275,000	-	-	-	3,275,000	2,840,538	61,333	-	2,901,871	373,129
<i>Roads:</i>										
Stormwater	-	34,884	-	-	34,884	-	145	-	145	34,739
Roads: Tarred	50,171,100	-	-	-	50,171,100	40,062,960	2,390,217	-	42,453,177	7,717,923
<i>Security Measures:</i>										
Fencing	3,562,800	3,088	-	-	3,565,888	3,544,426	18,332	-	3,562,758	3,130
Access control	-	3,967	-	-	3,967	-	66	-	66	3,901
<i>Sewerage:</i>										
Meters	1,530,776	-	-	-	1,530,776	705,857	102,052	-	807,909	722,867
Outfall Sewers	2,159,689	-	-	-	2,159,689	962,859	107,984	-	1,070,843	1,088,846
Pumping Stations	25,000	18,151	-	-	43,151	21,642	2,082	-	23,724	19,427
Reticulation Pumps	434,894	-	-	-	434,894	221,035	28,519	-	249,554	185,340
Sewers	1,575,545	-	-	-	1,575,545	442,218	75,894	-	518,112	1,057,433
<i>Water:</i>										
Boreholes	19,828	-	-	-	19,828	11,031	553	-	11,584	8,244
Mains	9,493,020	-	-	-	9,493,020	4,446,991	473,918	-	4,920,909	4,572,111
Meters	1,635,346	14,380	-	-	1,649,726	765,407	109,225	-	874,632	775,094
Pumping Stations	60,000	-	-	-	60,000	22,749	3,000	-	25,749	34,251
Reservoirs and Tanks	17,720,410	-	-	-	17,720,410	5,092,218	886,020	-	5,978,238	11,742,172
Reticulation Pumps	419,820	-	-	-	419,820	215,267	24,015	-	239,282	180,538
Supply and Reticulation	2,157,271	-	-	-	2,157,271	534,783	90,556	-	625,339	1,531,932
	<b>104,965,623</b>	<b>149,470</b>	<b>-</b>	<b>-</b>	<b>105,115,093</b>	<b>69,801,841</b>	<b>4,471,501</b>	<b>-</b>	<b>74,273,342</b>	<b>30,841,751</b>
<b>Community Assets</b>										
<i>Recreational Facilities:</i>										
Beach Developments	1,315,000	390	-	-	1,315,390	522,347	43,833	-	566,180	749,210
Temporary shelters	-	59,200	-	-	59,200	-	7,785	-	7,785	51,415
Parks	-	424	-	-	424	-	-	-	-	424
<i>Sport Facilities:</i>										
Out Door Sport	-	3,380,036	-	-	3,380,036	-	35,926	-	35,926	3,344,110
Soccer / Netbal	-	101,967	-	-	101,967	-	425	-	425	101,542
<i>Other Facilities:</i>										
Cemeteries	5,000	-	-	-	5,000	4,999	-	-	4,999	1
Clinics and Hospitals	1,461,100	-	-	-	1,461,100	502,620	48,703	-	551,323	909,777
Public Conveniences/Bathrooms	7,500	-	-	-	7,500	7,184	17	-	7,201	299
	<b>3,333,379</b>	<b>3,942,930</b>	<b>-</b>	<b>-</b>	<b>7,276,309</b>	<b>1,137,551</b>	<b>165,097</b>	<b>-</b>	<b>1,302,648</b>	<b>5,973,661</b>
<b>Housing Rental Stock</b>										
Houses: Selling Schemes: Buildings	92,100	-	-	-	92,100	-	-	-	-	92,100
Houses: Selling Schemes: Land	491,100	-	-	-	491,100	491,083	-	-	491,083	17
	<b>583,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>583,200</b>	<b>491,083</b>	<b>-</b>	<b>-</b>	<b>491,083</b>	<b>92,117</b>
<b>Total carried forward</b>	<b>150,121,312</b>	<b>4,364,531</b>	<b>-</b>	<b>-</b>	<b>154,485,843</b>	<b>74,249,209</b>	<b>4,891,727</b>	<b>-</b>	<b>79,140,936</b>	<b>75,344,907</b>

APPENDIX B (2)RICHTERSVELD MUNICIPALITYANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>150,121,312</b>	<b>4,364,531</b>	-	-	<b>154,485,843</b>	<b>74,249,209</b>	<b>4,891,727</b>	-	<b>79,140,936</b>	<b>75,344,907</b>
	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>										
<i>Bins and Containers:</i>										
Household Refuse Bins	4,550	-	-	-	4,550	1,945	864	-	2,809	1,741
<i>Emergency Equipment:</i>										
Fire Hoses	1,988	36,017	-	-	38,005	1,353	551	-	1,904	36,101
<i>Furniture and Fittings:</i>										
Cabinets and Cupboards	488,180	19,043	-	-	507,223	384,342	14,459	-	398,801	108,422
Chairs	158,983	68,636	-	-	227,619	140,886	2,386	-	143,272	84,347
Other Furniture and Fittings	326,274	96,225	-	19,890	402,609	235,402	12,785	16,180	232,007	170,602
Tables and Desks	410,286	18,108	-	-	428,394	326,132	14,651	-	340,783	87,611
<i>Motor Vehicles:</i>										
Trailers	1,444,746	(474,872)	-	-	969,874	446,188	49,688	-	495,876	473,997
Trucks and Bakkies	1,592,804	-	-	-	1,592,804	878,448	109,444	-	987,892	604,911
<i>Office Equipment:</i>										
Air Conditioners	1,667	-	-	-	1,667	320	226	-	546	1,121
Computer Hardware	753,922	24,301	-	135,463	642,760	647,046	28,144	126,323	548,867	93,893
Office Machines	161,239	18,811	-	4,381	175,669	149,277	8,130	3,598	153,809	21,860
<i>Watercraft</i>										
Watercraft	-	89,000	-	-	89,000	-	3,956	-	3,956	85,044
<i>Plant and Equipment:</i>										
Compressors	220,000	-	-	-	220,000	112,200	39,600	-	151,800	68,200
Mechanical Horses	526,708	980	-	-	527,688	139,178	31,602	-	170,780	356,907
Other Plant and Equipment	194,802	28,957	-	-	223,759	157,310	8,211	-	165,521	58,238
Radio Equipment	38,040	1,795	-	-	39,835	32,272	3,136	-	35,408	4,427
Telecommunication Equipment	263,065	-	-	-	263,065	200,835	15,142	-	215,977	47,087
Tipplers	346,500	-	-	-	346,500	5,198	20,790	-	25,988	320,512
Tractors	632,985	500	-	-	633,485	158,802	38,029	-	196,831	436,654
	<b>7,566,739</b>	<b>(72,499)</b>	-	<b>159,734</b>	<b>7,334,506</b>	<b>4,017,134</b>	<b>401,794</b>	<b>146,101</b>	<b>4,272,827</b>	<b>3,061,675</b>
<b>Total: Property, Plant and Equipment</b>	<b>157,688,051</b>	<b>4,292,032</b>	-	<b>159,734</b>	<b>161,820,349</b>	<b>78,266,343</b>	<b>5,293,521</b>	<b>146,101</b>	<b>83,413,763</b>	<b>78,406,582</b>

**APPENDIX B (2)****RICHTERSVELD MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008****ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2008**

	Cost/Revaluation					Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	6,500	-	-	-	6,500	-	-	-	-	6,500
Buildings:Let-out	172,000	-	-	-	172,000	-	-	-	-	172,000
<b>Total: Investment Property</b>	<b>178,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,500</b>

**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2008**

	Cost/Revaluation					Accumulated Amortisation and Impairment				Carrying Value
	Opening Balance	Additions	Under Development	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Computer Software	308,347	-	-	-	308,347	170,507	61,343	-	231,850	76,497
Documents and Charts	128,089	261,001	-	-	389,090	2,135	67,471	-	69,606	319,484
<b>Total: Intangible Assets</b>	<b>436,436</b>	<b>261,001</b>	<b>-</b>	<b>-</b>	<b>697,437</b>	<b>172,642</b>	<b>128,814</b>	<b>-</b>	<b>301,456</b>	<b>395,981</b>
<b>Grand Total</b>	<b>158,302,987</b>	<b>4,553,033</b>	<b>-</b>	<b>159,734</b>	<b>162,696,286</b>	<b>78,438,985</b>	<b>5,422,335</b>	<b>146,101</b>	<b>83,715,219</b>	<b>78,981,063</b>

**APPENDIX C****RICHTERSVELD MUNICIPALITY****SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	967,840	59,200	-	-	1,027,040	235,934	39,898	-	275,832	751,208
Finance and Administration	963,339	30,187	-	8,058	985,468	470,461	132,563	2,810	600,214	385,254
Planning and Development	17,703,285	1,922,269	-	1,500	19,624,054	1,646,124	50,185	950	1,695,359	17,928,695
Health	1,968,700	-	-	-	1,968,700	639,471	52,837	-	692,308	1,276,392
Community and Social Services	10,837,737	261,669	-	130,224	10,969,182	4,930,296	275,954	127,111	5,079,139	5,890,043
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	2,429,002	94,937	-	-	2,523,939	812,740	171,857	-	984,597	1,539,342
Sport and Recreation	19,169,531	2,446,593	-	17,890	21,598,234	1,986,307	125,669	15,231	2,096,745	19,501,489
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Water Management	6,756,876	18,151	-	-	6,775,027	2,665,996	421,829	-	3,087,825	3,687,202
Waste Management	507,944	-	-	-	507,944	489,058	-	-	489,058	18,886
Road Transport	50,494,165	-	-	-	50,494,165	40,247,922	2,403,647	-	42,651,569	7,842,596
Water	31,905,812	14,380	-	-	31,920,192	11,487,542	1,603,858	-	13,091,400	18,828,792
Electricity	14,304,397	-	-	2,061	14,302,336	12,787,903	183,269	-	12,971,172	1,331,164
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>158,008,628</b>	<b>4,847,386</b>	<b>-</b>	<b>159,733</b>	<b>162,696,281</b>	<b>78,399,754</b>	<b>5,461,566</b>	<b>146,102</b>	<b>83,715,218</b>	<b>78,981,063</b>

**APPENDIX D****RICHTERSVELD MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>		<b>2008 Actual Income R</b>	<b>2008 Actual Expenditure R</b>	<b>2008 Surplus/ (Deficit) R</b>
2,566,456	10,008,651	(7,442,195)	Executive and Council	3,169,789	2,124,632	1,045,157
10,700,968	5,772,702	4,928,266	Finance and Administration	9,821,832	7,422,880	2,398,952
-	53,536	(53,536)	Planning and Development	416,203	104,946	311,257
186,825	967,896	(781,071)	Health	189,258	81,766	107,492
356,574	681,641	(325,067)	Community and Social Services	777,698	877,051	(99,353)
(2,675)	-	(2,675)	Housing	14,293	53,928	(39,635)
-	695,979	(695,979)	Public Safety	10,800	804,237	(793,437)
630,354	1,076,667	(446,313)	Sport and Recreation	814,769	1,371,302	(556,533)
-	-	-	Environmental Protection	-	-	-
1,411,177	1,021,817	389,360	Waste Water Management	1,619,969	1,695,830	(75,861)
1,375,714	382,238	993,476	Waste Management	14,696,081	1,079,668	13,616,413
147,162	5,054,693	(4,907,531)	Road Transport	196,586	5,108,937	(4,912,351)
2,170,744	3,037,193	(866,449)	Water	2,540,595	4,160,685	(1,620,090)
4,035,647	3,601,207	434,440	Electricity	4,109,071	3,619,101	489,970
		-	Other			-
<b>23,578,946</b>	<b>32,354,220</b>	<b>(8,775,274)</b>	<b>Sub Total</b>	<b>38,376,944</b>	<b>28,504,963</b>	<b>9,871,981</b>
		-	Health (Discontinued operations)			-
<b>23,578,946</b>	<b>32,354,220</b>	<b>(8,775,274)</b>		<b>38,376,944</b>	<b>28,504,963</b>	<b>9,871,981</b>
		-	Less Inter- Departmental Charges	-		-
<b>23,578,946</b>	<b>32,354,220</b>	<b>(8,775,274)</b>	<b>Total</b>	<b>38,376,944</b>	<b>28,504,963</b>	<b>9,871,981</b>

**APPENDIX E (1)****RICHTERSVELD MUNICIPALITY****ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
<b>REVENUE</b>					
Property rates	2,979,712	3,938,248	(958,536)	(24.34)	Over - budget for revenue
Service charges	9,892,336	12,998,572	(3,106,236)	(23.90)	Over - budget for revenue
Rental of facilities and equipment	1,205,190	1,022,925	182,265	17.82	
Interest earned - external investments	268,498	20,200	248,298	1,229.20	Higher interest rate.
Interest earned - outstanding debtors	1,604,956	(1,129,900)	2,734,856	(242.04)	Incorrect budget
Dividends received			-	-	
Fines	49,020	42,100	6,920	16.44	Extremely difficult to budget for - no certainty
Licences and permits	111,233	64,997	46,236	71.14	Extremely difficult to budget for - no certainty
Income for agency services	300,569	(239,909)	540,478	(225.28)	Incorrect budget
Government grants and subsidies	7,752,882	7,179,000	573,882	7.99	
Other income	13,830,941	1,371,786	12,459,155	908.24	Reverasal for provision for landfill sites (R 13.3 m)
Public contributions, donated and contributed property, plant and equipment	2,500	(3,000)	5,500		
	-	3,854,000	(3,854,000)	(100.00)	Capital spending not recorded here anymore.
Gains on disposal of property, plant and equipment	379,107		379,107	-	
Admin Charges		3,000	(3,000)		
<b>Total Revenue</b>	<b>38,376,944</b>	<b>29,122,019</b>	<b>9,254,925</b>	<b>31.78</b>	
<b>EXPENDITURE</b>					
Employee related costs	8,626,276	9,381,150	(754,874)	(8.05)	
Remuneration of Councillors	1,255,143	1,335,297	(80,154)	(6.00)	
Bad debts	2,879,724	470,000	2,409,724	512.71	Payments worse than expected
Depreciation	5,444,049	904,620	4,539,429	501.81	Incorrect budget -budget for redemption
Repairs and maintenance	830,781	2,233,270	(1,402,489)	(62.80)	Projects withheld due to cash flow restrictions
Interest paid on external borrowings	504,981	291,117	213,864	73.46	Incorrect budget
Bulk purchases	2,729,626	3,503,870	(774,244)	(22.10)	Incorrect budget
Contracted services	6,240	728,728	(722,488)	(99.14)	
Grants and subsidies paid	1,942,020	4,256,293	(2,314,273)	(54.37)	Capital spending not recorded
General expenses- other	4,282,476	6,017,674	(1,735,198)	(28.84)	Expenditure withheld due to cash flow restrictions
Loss on disposal of property, plant and equipment			-	-	
Admin Charges	3,648		3,648		
<b>Total Expenditure</b>	<b>28,504,964</b>	<b>29,122,019</b>	<b>(617,055)</b>	<b>(2.12)</b>	
<b>Surplus/(Deficit) for the year from discontinued operations</b>					
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>9,871,980</b>	<b>-</b>	<b>9,871,980</b>	<b>-</b>	

**APPENDIX E (2)****RICHTERSVELD MUNICIPALITY****ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008**

	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5 % versus Budget
Council General	59,200	-	59,200	30,240	28,960	95.77	Incorrect budget
Community and Social Services	261,669	-	261,669		261,669	100.00	Not budgeted
Public Safety	94,937	-	94,937	87,000	7,937	9.12	Incorrect budget
Financial	30,187	-	30,187	-	30,187	100.00	Incorrect budget
Planning and Development	1,922,269	-	1,922,269	-	1,922,269	100.00	More Grants Received than budget
Roads and Stormwater		-	-	100,000	(100,000)	(100.00)	Projects withheld due to cash flow restrictions
Sport and Recreation	2,446,593	-	2,446,593	1,181,000	1,265,593	100.00	More Grants Received than budget
Electricity		-	-	250,000	(250,000)	(100.00)	Projects withheld due to cash flow restrictions
Water	14,380	-	14,380	10,000	4,380	43.80	Incorrect budget
Other	-	-	-	481,240	(481,240)	(100.00)	Projects withheld due to cash flow restrictions
Waste Water Management	18,151	-	18,151	-	18,151	(100.00)	Incorrect budget
	<b>4,847,386</b>	-	<b>4,847,386</b>	<b>2,139,480</b>	<b>2,707,906</b>	<b>126.57</b>	

**4,847,386**

**APPENDIX F****RICHTERSVELD MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grant	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay / withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March		Yes / No
Municipal Infrastructure Grant	National Department of Provincial and Local Government	200,000	867,000	972,468	1,020,000	417,760	254,397	466,500	1,065,627	-	-	-	-	None	Yes
Equitable share	National Department of Provincial and Local Government	1,529,134	1,146,851	1,911,418		1,529,134	1,146,851	1,911,418		-	-	-	-	None	Yes
Drought Relief	National Department of Provincial and Local Government	-								-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury		500,000			328,020	18,310	391,608	76,519	-	-	-	-	None	Yes
Municipal systems improvement grant	National Department of Provincial and Local Government	594,608	300,000				203,518	300,000	16,950	-	-	-	-	None	Yes



**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. In the table set out below, the exemptions offered have been listed; together with an indication of the process that the municipality will follow regarding plans to implement the exemptions. Furthermore, the extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards has also been stated in the table.

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 03	Accounting policies, changes in accounting estimates and errors	<p>Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31). A list of these standards is as follows:</p> <p>GRAP 4 The Effects of Changes in Foreign Exchange Rates  GRAP 5 Borrowing Costs  GRAP 6 Consolidated AFS  GRAP 7 Associates  GRAP 8 JV's  GRAP 9 Revenue  GRAP 10 Financial Reporting in Hyperinflationary Economies  GRAP 11 Construction Contracts  GRAP 12 Inventories  GRAP 13 Leases</p> <p>GRAP 14 Events After the Reporting Date  GRAP 16 IP  GRAP 17 PPE  GRAP 18 Segment Reporting  GRAP 19 Provisions, Contingent Liabilities and Contingent Assets  GRAP 100 Non Current assets held for sale  GRAP 101 Agriculture  GRAP 102 Intangible Assets</p>	Y	<p><b>The following GRAP standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below.</b></p> <p>GRAP 4,6,7,8,9,12,17,19 Currently the municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS.</p> <p>GRAP 5 Borrowing Costs. Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the municipality.</p> <p>GRAP 10 and 11. The municipality does not have these types of transactions.</p> <p>GRAP 13, 14, 16, 18, 100, 101 and 102. The municipality adheres to the requirements of the comparable GAAP standards except for the exemptions adopted as set out below per standard.</p>	<p>Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards.</p> <p>A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing.</p> <p>No adjustment required.</p> <p>See adjustments required as per relevant sections of this document set out below.</p>
		Changes in accounting policies (GRAP 3.14, 19)	N	No action plans are required. Where it is practicable to do so, all changes in accounting policy are dealt with by the municipality retrospectively and disclosed as such in accordance with the requirements of GRAP 3.	No adjustments to the AFS are required.

**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GAMAP 09	Revenue	Initial measurement of fair value; discounting all future receipts using an imputed rate of return (GAMAP 9.12 and SAICA circular 9/06)	N	<p>In terms of GAMAP 9 revenue is measured at the fair value of the consideration received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. Where the inflow of cash or cash equivalents is <b>deferred</b>, for example where the entity provides an interest free credit period to the purchaser the fair value of the revenue must then be determined by discounting all future receipts by using an imputed rate of interest.</p> <p>The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods from the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.</p>	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.	N	The municipality reflects land and buildings that will be sold within the next twelve months as inventories in so far that they have been identified.	No adjustments to the AFS are required.
GAMAP 12		The entire standard as far as it relates to water stock that was not purchased by the municipality.	Y	<ol style="list-style-type: none"> <li>1) Ensure that systems are in place to determine what percentage of water on hand at year end has been purchased and what percentage has been produced (purified).</li> <li>2) Determine what valuation methodology will best serve to value water on hand at year end i.e. FIFO or weighted average.</li> <li>3) Value the purchased water at year end by utilising the FIFO methodology and multiplying purchased water on hand at year end with the latest purchase price.</li> </ol>	<p><b>The following adjustments will need to be made to the AFS to comply with accounting for purified water in terms of GAMAP 12:</b></p> <ol style="list-style-type: none"> <li>1) The value of inventories on the Statement of Financial Position will include purchased as well as purified water.</li> <li>2) The accounting policy should reflect the valuation methodology for purified and purchased water.</li> </ol>

**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
				<p>4) Value purified water on hand at year end by determining a production cost per unit of water purified and then applying this to the volume of purified water on hand at year end. The production cost per unit must be based on:</p> <ul style="list-style-type: none"> <li>Costs directly related to the units of production such as direct materials and direct labour. This could include expense items such as wage costs of plant workers and chemicals used in the production process.</li> <li>A systematic allocation of fixed production overheads, which are indirect costs of production that remain relatively constant, regardless of the level of production, such as depreciation of manufacturing equipment and the production facility (water purification plant).</li> <li>A systematic allocation of variable production overheads, which are indirect costs of production that vary in accordance with variances in the volume of production. Examples are indirect labour such as the salary of a factory foreman, and also indirect materials.</li> </ul>	
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)	N	The municipality reflects land and buildings that will be sold within the next twelve months as inventories in so far that they have been identified	No adjustments required
GAMAP 17 (CONT)	Property, plant and equipment	Review of depreciation method applied to PPE recognised in the annual financial statements (GAMAP 17.62, 77)	N	The municipality reviewed the depreciation methods applied with the introduction of GRAP.	No adjustments required
GAMAP 17 (CONT)	Property, plant and equipment	Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) - (vi))	N	The municipality performed impairment testing on its non-cash generated assets during the implementation of GRAP.	No adjustments required
GAMAP 17 (CONT)	Property, plant and equipment	Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) - (vi))	N	The municipality performed impairment testing on its cash generated assets during the implementation of GRAP.	No adjustments required

**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
IAS 11 AC 109	Construction contracts	Entire standard	N	1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.	1) The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.
IAS 14 AC 115	Segment reporting	Entire standard	Y	<p>1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14.</p> <p>2) Determine the business and geographical segments of the municipality.</p> <p>3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa.</p> <p>4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.</p>	<p><b>The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met</b></p> <p>The primary reporting format requires inter alia, disclosure of:</p> <p>1) Segment revenue for every reportable segment.</p> <p>2) Segment results for every reportable segment.</p> <p>3) Segment assets for every reportable segment.</p> <p>4) The total cost incurred during the period to acquire reportable segment long term assets.</p> <p>5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements.</p> <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in IAS 14 will also need to be disclosed in the AFS.</p>

**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Std. no.</b>	<b>Standard title</b>	<b>GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.</b>	<b>Exemption Adopted Y/N</b>	<b>Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards</b>	<b>Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards</b>
IAS 17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.8 – 11)	N	Operating Leases that have fluctuating payment arrangements have been identified and operating lease expenses that fall within this category have been straight-lined (smoothed).	No adjustments required
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))	N	The municipality accounts for its defined benefit plans in accordance with the accounting treatment and disclosure requirements for the accounting for defined benefit plans as set out in IAS 19.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 19.
IAS 20	Accounting for government grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 – 46.	N	Transfer are made from the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer from the GGR to the accumulated surplus to offset depreciation will be made on the Statement of Changes in Net Assets.	No adjustments required
IAS 36 (AC 128)	Impairment of assets	Entire standard	N	The municipality have tested all its assets for impairment during the implementation of GRAP and feel that this impairment process are still relevant	No adjustment required.
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed	N	The municipality have identified and recorded its intangible assets in accordance with the requirements	No adjustments required
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)	N	All the applicable sections regarding the accounting recognition and measurement requirements relating to Financial Instruments as set out in IAS 39 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the requirements of IAS 39.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	N	The municipality has properly accounted for its Investment Properties.	No adjustments required
IFRS 3 (AC 140)	Business combinations	Entire standard	N	1) It is highly likely that the most relevant section of IAS 40 to the municipality is the accounting treatment of goodwill. 2) Goodwill is measured and accounted for by the municipality in accordance with the requirements of IFRS 3.	1) No adjustments will need to be made to the AFS as the municipality already fully complies with

**APPENDIX G****RICHTERSVELD MUNICIPALITY****ADJUSTMENTS TO ACHIEVE COMPLIANCE WITH THE EXEMPTED STANDARDS IN TERMS OF GENERAL NOTICE 522 OF 2007**

<b>Std. no.</b>	<b>Standard title</b>	<b>GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.</b>	<b>Exemption Adopted Y/N</b>	<b>Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards</b>	<b>Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards</b>
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	N	The municipality measure and disclosed the Non-current Assets Held-for-Sale in accordance with IFRS 5 requirements where applicable.	No adjustments will be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 5 .
IFRS 7 (AC 144)	Financial instruments: disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	N	All the applicable sections regarding the disclosure requirements relating to Financial Instruments as set out in IFRS 7 are adhered to by the municipality.	No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 7.